TECHNICAL ANNEX
FOR A PROPOSED GRANT
OF SDR 68.1 MILLION
(US$100 MILLION EQUIVALENT)
TO
THE DEMOCRATIC REPUBLIC OF CONGO
FOR AN
EMERGENCY DEMOBILIZATION AND REINTEGRATION PROJECT

May 3, 2004
CURRENCY EQUIVALENT
(exchange rate effective as of January 31, 2004)
Currency Unit = Congolese Franc (FC)
US$1 = 387.5

GOVERNMENT FISCAL YEAR
January 1 - December 31

ABBREVIATIONS AND ACRONYMS

AIDS Acquired Immune Deficiency Syndrome
BNK Basic Needs Kit
CIAT Comité International pour l’Accompagnement de la Transition
CIDDR Comité interministériel chargé de la conception et de l’orientation en matière de désarmement, démobilisation et de réintégration (Interministerial Committee in charge of designing and orienting disarmament, demobilization and reintegration)
CONADER Comission nationale de désarmement, démobilisation et réinsertion (National Commission for disarmament, demobilization and reinsertion)
CGFDR Comité de Gestion des Fonds désarmement, démobilisation et réinsertion (Committee to manage DDR Funds)
DDR Disarmament, Demobilization, and Reintegration
DDRRA Disarmament, Demobilization, Repatriation, Resettlement and Reintegration
DRC Democratic Republic of Congo
DRC-MRAP DRC Demobilization and Reintegration Program
FAC Forces armées congolaises (Armed Forces of Congo)
FAZ Forces armées zaïroises (Armed Forces of Zaïre)
FMA Financial Management Agency
FMR Financial Management Report
FMS Financial Management System
GDP Gross Domestic Product
HIV Human Immune Deficiency Virus
IBRD International Bank for Reconstruction and Development
ICRC International Committee of the Red Cross
IDA International Development Association
IDP Internally Displaced Persons
IMF International Monetary Fund
I-PRSP Interim Poverty Reduction Strategy Paper
JOP Joint Operations Plan
MDRP Multi-Country Demobilization and Reintegration Program
MDTF Multi-Donor Trust Fund of the MDRP
MIS Management Information System
MLC Mouvement de Liberation du Congo
MOD Ministry of Defense
NCB National Competitive Bidding
PDO Pre-discharge orientation
PIM Project Implementation Manual
PNDDR Programme National de Désarmement, Démobilisation et Réinsertion
PPF Project Preparation Facility
PPO Provincial Project Office
RCD Rassemblement Congolais pour le démocratie
SSR Security Sector Reform
TOC        Transit and Orientation Center
TSS        Transitional Support Strategy
UHC        Unified High Command
UN         United Nations
UNDP       United Nations Development Programme
UNICEF     United Nations Children's Fund
VCT        Voluntary Counseling and Testing

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DEMOCRATIC REPUBLIC OF CONGO
EMERGENCY DEMOBILIZATION AND REINTEGRATION PROGRAM
TECHNICAL ANNEX.

Table of Contents

1 Context and Strategy
   1.1 BACKGROUND
   1.2 GOVERNMENT RESPONSE AND STRATEGY
   1.3 MULTI-COUNTRY DEMOBILIZATION AND REINTEGRATION PROGRAM

2 IDA Response and Strategy
   2.1 POVERTY REDUCTION STRATEGY
   2.2 RATIONALE FOR IDA INVOLVEMENT
   2.3 LESSONS LEARNED FROM OTHER IDA PROJECTS

3 The Demobilization & Reintegration Program in the DRC
   3.1 ELIGIBILITY CRITERIA UNDER THE MDRP
   3.2 OBJECTIVES
   3.3 COVERAGE AND IMPLEMENTATION PERIOD
   3.4 THE NATIONAL DDR PROGRAM (PNDDR)
   3.5 PROGRAM COSTS
   3.6 EFFECTIVENESS CONDITIONS

4 Studies and Technical Assistance
   4.1 STUDIES
   4.2 TECHNICAL ASSISTANCE

5 Institutional Arrangements and Program Implementation
   5.1 STAFFING, INSTITUTIONAL SUPPORT AND CAPACITY BUILDING
   5.2 FINANCIAL MANAGEMENT, DISBURSEMENTS AND AUDITING
   5.3 PROCUREMENT
   5.4 MONITORING AND EVALUATION
   5.5 PROGRAM SUSTAINABILITY

6 Benefits and Risks
   6.1 BENEFITS
   6.2 RISKS AND MITIGATION MEASURES
   6.3 ENVIRONMENTAL AND SOCIAL ASPECTS

7 Financial and Economic Justification

8 Action Plan

9 Attachments

IBRD No. 31547
1. Context and Strategy

1.1 Background

1. Since the early 1990s, the Great Lakes region has been embroiled in a series of closely interlinked conflicts directly affecting the territory of the Democratic Republic of Congo (DRC). These conflicts stem from a complex interaction of poor governance, politics of ethnic exclusion, security dilemmas and competition for the control of economic rents. The war in the DRC started as a Congolese civil war, but drew in two opposing regional blocs. Unfinished civil wars and regional rivalries were also being fought out in the Congo, with the use of local proxies adding fuel to the fire of local domestic conflicts, especially in Ituri and the Kivus.

2. Since January 2001, there has been significant progress towards peace and reconciliation, within the context of the 1999 Lusaka Cease-fire Agreement. The centerpieces of this progress are:

(i) The Inter-Congolese Dialogue: On April 2, 2003 in Sun City, the participants in the Inter-Congolese Dialogue signed the Final Act of the inter-Congolese political negotiations, endorsing agreements that constitute a comprehensive program for the restoration of peace and national sovereignty during a transition period of two years. The agreements include the Global and All-Inclusive Agreement on the Transition in the Democratic Republic of the Congo (December 2002), the Transitional Constitution, the memorandum on military and security issues (March 2003), and the 36 resolutions adopted by the Inter-Congolese Dialogue in Sun City (March and April 2002). Within this framework, all sides in the armed conflict engaged in political negotiations, including the political opposition and civil society, and formed a Transitional Government, on June 30 2003. The Comité International pour l'Accompagnement de la Transition (CIAT), which includes most international partners, continues to support this process through its Committee on Political and Security Affairs.

(ii) The disarmament and demobilization of foreign armed groups: The United Nations Mission to the DRC, MONUC, was established in 1999 to monitor the cease-fire agreement and develop an action plan for its implementation, including the Disarmament, Demobilization, Repatriation, Resettlement and Reinsertion (DDRRR) of foreign armed groups operating in the DRC. There remain an estimated 15,000 foreign combatants to be disarmed, demobilized and repatriated.

(iii) The withdrawal of foreign troops: The Government of DRC signed agreements with the Governments of Rwanda (July 2002) and Uganda (September 2002) that paved the way for a withdrawal of foreign troops.
(iv) On July 28, 2003 the mandate of MONUC was extended to include the demobilization of Congolese combatants (Resolution 1493, 2003).

The situation in Ituri and in the Kivus, requires special attention. An expanding UN force and the Dar-Es-Salaam ceasefire agreement (May 2003) signed by irregular Ituri forces, and the establishment of the Administration interimaire de l'Ituri have helped stabilize the area and allowed planning for DDR.

Economic and Social Impact

3. Africa's third-largest nation is gradually emerging from five years of a violent conflict termed Africa's first continent-scale war, compounding the legacy of decades of poor governance. The conflict's impact is dramatic.

4. An estimated 3.5 million people have died since 1998, both from the violence itself and from starvation and disease, making this conflict the deadliest since World War II. An estimated 3 million people are displaced, with 500,000 refugees in neighboring countries. Schools and training centers have closed leaving a generation without education. Hospitals, clinics and preventative health initiatives have been devastated with yet unmeasured consequence.

5. The conflict has exacerbated ethnic rivalries and tensions over land and territory in eastern Congo posing a long-term challenge to the transition to peace.

6. The economy, already affected by decades of poor governance, has collapsed. Per capita income has declined steadily from US$380 in 1985 to US$250 in 1990 and to US$85 in 2000. Infrastructure, which was deteriorating under the Mobutu regime, has been largely destroyed during the conflict, leaving few roads and only sporadic access to electricity and safe water.

1.2 Government Response and Strategy

7. Since 2001, the Government has launched a program of economic reforms, aimed at restoring macro-economic stability, and kick-starting economic activity, while tackling some governance issues inherited from the past. This program is being implemented with the support of the World Bank and the International Monetary Fund (IMF). In particular, a $1.7 billion Emergency Multi-sector Rehabilitation and Reconstruction Program (EMRRP), $454 million of which is provided by the Bank, was broadly endorsed by all parties to the inter-Congolese dialogue and aims to restore connectivity, rehabilitate social infrastructure and improve food security. The Emergency Economic and Social Reunification Project ($214 million), approved in September 2003, targets reunified areas. Economic growth returned in 2002, after a decade of contraction.
8. The government has recently laid out the responsibilities of the different ministries with respect to demobilization and reinsertion. Responsibility for demobilization rests with the Ministry of Defense, while responsibility for reinsertion has been placed in the Ministry of Social Affairs with the Ministry of Solidarity and Humanitarian Affairs being given a supporting role in the reinsertion of ex-combatants into communities. The government has established the institutional structure for DDR in a series of decrees (December 2003). This includes the Interministerial Committee for DDR to oversee DDR activities nationally, the National Commission for DDR (CONADER) to coordinate preparation and implementation of the national program, and the Committee to Manage Financial Resources to coordinate funding for DDR (CGFDR).

9. On security sector reform, the transitional government has advanced the process of the restructuring of the army with the support from international partners. Presently the major armed groups have been combined into the FA-RDC and a unified command structure put in place.

**International Response**

10. The international community has been re-engaging in DRC over the past three years following nearly a decade of suspension of activities. It has supported and encouraged the peace-process and backed the government by resuming a number of development initiatives that had been suspended. A Consultative group of major donors agreed on a coordinated support strategy for DRC in Paris in 2002. Another Consultative Group meeting held in December 2003 resulted in the commitment of nearly $4 billion in support of DRC’s recovery efforts.

11. Not least has been the considerable humanitarian effort mounted by the UN agencies, ICRC and International NGOs. These continue to provide essential support to health and other services particularly in the East. The rapid deterioration of the humanitarian situation in the Ituri region in 2003 led to a European Union armed peace-imposing mission led by France, which has since been taken over by MONUC.

1.3 **Multi-country Demobilization and Reintegration Program**

14. In a bid to coordinate their efforts in the field of DDR in the Great Lakes sub-region, the Bank and a number of the main donor countries decided to establish, in 2002, the Multi-country Demobilization and Reintegration Program (MDRP), a multi-donor, regional approach to support and facilitate the process of demobilization and reintegration in the Greater Great Lakes region. The MDRP trust fund supports special projects in preparation of the national program and the national program itself. Six special projects have been approved, four of these focus on the demobilization of children associated with the armed forces, one supports pilot DDR activities in the field, and one supports a rapid response mechanism for emergency situations as well as assistance to the design of a national DDR program.
15. A regional approach offers several key advantages including: exchange of information between national programs; the creation of synergies allowing MDRP to have a greater impact on national programs; availability to all parties in the conflict of identical measures to assist them in continuing the peace process; the capacity to take into account regional impacts associated with some of the programs and; increased transparency in associated national programs.

16. The MDRP secretariat manages the multidonor regional trust fund set up to support demobilization and reintegration in the greater Great Lakes region. These funds serve as a means of mobilizing and channeling resources provided by key donors; it reduces the transaction costs for participating governments, donors, and the Bank and allows bilateral donors to complement IDA resources with grants.

2 IDA Response and Strategy

17. In October 1997, the Bank allocated a US$ 2 million Post Conflict grant to assist the newly installed government of President Laurent-Désiré Kabila, to tackle immediate post conflict challenges. The specific objectives of that grant were to: (i) prepare a Demobilization and Reintegration Program for vulnerable groups; and (ii) launch community-based activities in the Eastern provinces of the country. Lessons learned from the grant evaluation are feeding into the preparation of the national DDR program. IDA has prepared its assistance within the framework established by the MDRP strategy.

2.1 Poverty Reduction Strategy

18. Since 2002, the Government has been implementing an I-PRSP based on wide consultations with civil society and community groups. Although it was developed by a previous government, the Inter-Congolese Dialogue and later the new Transition Government endorsed this work. The I-PRSP rests upon three pillars: (i) restoration and consolidation of peace and sustainable good governance; (ii) macroeconomic stabilization and pro-poor growth; and (iii) community dynamics (community-led development initiatives).

19. The Government has been developing its full PRSP through a representative and participatory process. The Joint Staff Assessment of the I-PRSP and the 2003 annual update have been reviewed by the Boards of IDA and the IMF. With efforts continuing at the current pace, the full PRSP is expected by the fourth quarter of 2005. The successful implementation of the National Disarmament, Demobilization and Reinsertion Program (PNDDR) is a critical part of the first pillar of the I-PRSP.
20. **Transitional Support Strategy (TSS).** The TSS (July 2001) identified meeting basic and urgent needs, including a focus on demobilization and reintegration, as a key challenge. The Consultative Group meetings (Paris, December 4-5, 2002 and December 17-19, 2003) included DDR as one of four priorities to support the Congolese strategy towards economic and social reunification. A new TSS was discussed by the Board in February 2004. This TSS identifies the restoration of stability and security as a key challenge in DRC and singles out DDR as one of the critical factors in addressing this challenge. The DRCDRP is an integral part of the strategy.

21. **Restructuring existing credits.** The existing IDA portfolio consists of 5 projects with satisfactory performance. There is considerable scope to develop synergies between this project and existing projects particularly in terms of reintegration activities.

### 2.2 Rationale for IDA involvement

23. The request from the government for technical and financial assistance to implement the national DDR program comes in a critical period for regional peace. IDA’s participation is justified in view of its considerable experience with such programs, the volume of funding required, the stress the program will put on social and economic reintegration of ex-combatants, as well as the need to respond to a client request to coordinate international support. IDA assistance will complement efforts by other international actors already underway in the DRC and in the region.

24. **The IDA grant will be complemented by MDRP grants both** for co-financing the national program and for financing special projects already underway.

25. **Need for Emergency Assistance.** The application of the Bank's emergency procedures under OP 8.50 is justified by:

   (i) *The program's impact on economic priorities and investment programs.* The program provides the means to consolidate social and economic recovery in the DRC and in the region. Without a successful demobilization and reintegration program, there is a much greater danger that disaffected ex-combatants will turn to violence.

   (ii) *Its critical contribution to the stabilization of the society and economy.* The transition in the DRC and the peace process throughout the region can be supported by specific stabilization measures. The demobilization and reintegration of ex-combatants is a key element of this process within the current window of opportunity.

   (iii) *The urgency to demobilize and provide reintegration assistance to ex-combatants.* The current transition government does not have the resources to pay all people currently in the various military groups. It must, as soon as possible, start demobilizing large numbers and returning them to civilian life.
26. **Making resources available for development.** Persistent insecurity in the Great Lakes Region has led to a shift in resources away from social and economic development towards the security sector. A successful national DDR program will allow the shift of government expenditures away from defense and towards social and economic development. A reduction of defense spending will also help reduce the budget deficit and therefore constitutes an important factor for macroeconomic and fiscal stability in the long term.

2.3 **Lessons learned from other IDA projects**

27. IDA has acquired substantial experience in this sector through support for DDR programs throughout Africa and in other regions (Angola, Bosnia-Herzegovina, Djibouti, Eritrea, Ethiopia, Guinea-Bissau, Mozambique, Rwanda, Sierra Leone, Uganda, Chad, East Timor). This experience has often taken the form of technical assistance and/or financial assistance through investment credits, programs of balance of payments support or restructuring on-going projects. Building on lessons learned from relevant projects in Africa and on the conclusions of the Bank’s Operations Evaluation Department, several good practices have been identified and are integrated into the program.

28. **Demobilization.** Although short, this phase is logistically complex. Successful demobilization is a necessary first step toward successful reintegration. Among the key actions are the distribution of non-transferable demobilization cards, the collection of socio-economic data and the establishment of a comprehensive database of beneficiaries. In addition, regrouping ex-combatants during demobilization provides a good opportunity to give health and HIV/AIDS counseling, voluntary HIV/AIDS testing and information about re-entry into civilian life and the responsibilities of citizenship (voting etc.).

29. **Reinsertion.** During demobilization, ex-combatants lose their source of income (formal or informal). Experience suggests that their financial situation is generally precarious until they can re-establish new revenue generating activities. During this period (the reinsertion phase) they need a transitional safety net (TSN) to cover the essential material needs of their families. The objective of this support is to permit the ex-combatants to return to their communities and to see to the needs of their families in a limited time period following demobilization.

30. **Economic Reintegration.** Ex-combatants are often an economically vulnerable group due to their lack of relevant skills, capital and social networks. In addition, they are often a group at risk because of their familiarity with guns and violence. Targeted assistance is recommended to help them find viable economic strategies. To be cost-efficient and effective, assistance must be adapted to their socio-economic profiles and the economic environment. Female soldiers often require special assistance to achieve economic self-sufficiency.
31. Generally, the assistance received by ex-combatants should not exceed the amount necessary to achieve the average standard of living of the communities in which they are reintegrating. In addition, reintegration assistance must be of limited duration to avoid creating dependency. Information services and counseling can help ex-combatants analyze their options and find employment. Apprenticeships in the informal sector linked to employment are preferred to stand alone training programs.

32. Ultimately, ex-combatants are reintegrated into the general economy. Therefore, creation of long-term employment is closely linked to growth in the private sector and the creation of employment. It should be noted that ex-combatants themselves represent an important source of human resources for the economy.

33. **Social Reintegration.** Social reintegration is often facilitated by the existence of an extended family network. Therefore, ex-combatants should be encouraged to reintegrate near their families. In addition, community structures can help them reintegrate both socially and economically. Support to communities in which ex-combatants settle can encourage acceptance and reinforce social capital. As much as possible, children associated with the armed forces should be reunited with their families and helped to restart their education. Disabled ex-combatants often require special medical and economic assistance. Female ex-combatants have had particular difficulty in re-integrating society and are in need of special consideration.

34. Care should be taken to prevent the stigmatization of ex-combatants as conveyers of disease and violence. The fears of communities related to the return of ex-combatants should also be addressed. Community sensitization and information efforts are paramount in this regard as is the protection all medical data.

35. **Institutional issues.** Program coordination by one civilian agency with overall program responsibility, balanced by decentralization of implementation to provinces and communities makes for a powerful institutional arrangement. Where possible, existing implementation capacities should be leveraged. The employment of some ex-combatants as counselors and field staff can facilitate reintegration. Finally, security sector reform must be closely coordinated with the DDR program.
3 The Demobilization & Reintegration Program in the DRC

3.1 Eligibility Criteria under the MDRP

36. The DRC Emergency Demobilization and Reintegration Program is part of the Multi-Country Demobilization and Reintegration Program for the greater Great Lakes Region. Under the MDRP, the following criteria need to be fulfilled for a country to be eligible to receive assistance for the demobilization and reintegration of ex-combatants:

**General criteria:**

- **Affected by conflict.** Being involved in or directly affected by one or more of the conflicts in the greater Great Lakes region.
- **Participation in the regional peace process.** Demonstrated willingness to contribute to stability in the greater Great Lakes region and to implement relevant provisions of the applicable peace/ceasefire accord(s).

**Country-specific criteria:**

(i) **Preparation of a national demobilization and reintegration program.** This would typically be demonstrated by a coherent national program developed in consultation with the international community and national stakeholders. It could also be demonstrated by having a strategic planning and consultation process underway, with a clear roadmap and timetable.

(ii) **Establishment of a suitable institutional structure.** The government needs to establish flexible implementation arrangements with appropriate planning, coordination and monitoring capacity and with the participation of relevant political and security stakeholders.

(iii) **A letter of demobilization policy outlining government commitment.** The Government drafts a letter outlining its commitments to the regional peace process, demobilization and reintegration, security sector reform and fiscal impact of demobilization.

(iv) **Establishment of appropriate safeguards and fiduciary measures.** The government would provide assurances and monitoring measures to ensure consistency with standard environmental and social safeguards. In addition, the government would establish satisfactory financial management and procurement arrangements.

37. The Government of DRC will have fulfilled all general and country-specific criteria prior to effectiveness and is therefore eligible under the MDRP objectives to receive financial assistance from IDA and the regional MDTF.

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1 In the DRC the term 'transition' is used for the set of activities commonly referred to as 'reinsertion', while the term 'reinsertion' is used for the set of activities commonly referred to as 'reintegration'. The term 'reintegration' refers to the process of incorporating the various armed groups into a single army. We follow the standard usage (as in Section 2.3) in this document to avoid confusion.
3.2 Objectives

38. The general objective of the Emergency Demobilization and Reintegration Program (DRCDRP) is to help consolidate peace and promote economic stability and sustainable development in the DRC and in the greater Great Lakes region. The specific objectives of the program will be:

(i) to demobilize up to an estimated 150,000 ex-combatants and to help support their return to civilian life

(ii) to promote the reallocation of Government expenditure from military to social and economic sectors.

39. The DRCDRP is expected to have a significant impact on reducing poverty in the DRC by: establishing more secure conditions in the rural areas that will encourage the general population including IDPs to resume productive lives in the rural economy; freeing up additional national resources for investment in social and economic sectors; and investing in the human capital of ex-combatants. The DRCDRP will finance most of the government’s National Program on Disarmament, Demobilization and Reinsertion (PNDDR), but will not finance disarmament and expenses of military personnel prior to demobilization. In addition, some activities in the PNDDR are already being financed through MDRP special projects and will not be financed under the DRCDRP.

3.3 Coverage and Implementation Period

40. Target groups. The Government envisages approximately 150,000 former combatants from the following target groups for the PNDDR:

(i) The demobilization and reinsertion of the signatories to the Global Accord: FAC, MLC, RCD, RCD-ML, RCD-N, Mayi-Mayi and the Dar-es-Salaam ceasefire;

(ii) Non signatory Armed groups that have taken part in the conflict, who require DDR and are willing to participate in the program and respect its conditions;

(iii) Congolese ex-combatants seeking to return from foreign countries;

(iv) Children associated with the fighting forces as defined by the Cape Town principles.
41. Eligibility criteria. The Government has established criteria to verify whether people belong to the eligible armed groups and separate eligibility criteria for integration into the army. For those who are 1) not eligible for integration into the army, and 2) those who volunteer for demobilization and reinsertion benefits. The following general criteria apply:

(i) Congolese nationality;
(ii) Possession of a weapon or possession of a certificate of disarmament issued by competent authorities, including those issued during spontaneous and voluntary disarmament. The ratio of combatant/weapon will be determined in the Joint Operations Plan (JOP). The JOP links the activities necessary for the reform of the army with the activities necessary for demobilization and reintegration.
(iii) Proof of membership in a recognized armed group;

42. An estimated 150,000 ex-combatants will be demobilized. CONADER, the national implementing agency, will coordinate actions with the High Command and MONUC to ensure that the criteria are applied systematically and rigorously.

43. Combatants suspected of crimes against humanity will be excluded from the program and their cases will be followed by the relevant legal authorities.

44. Geographic coverage. The program will cover the whole country, but some areas will see a heavier concentration of ex-combatants than others. Thus, Program benefits would be spread throughout the country as well. To facilitate rapid Program start-up while allowing time to build capacities in other parts of the country, reintegration activities would be prioritized by province according to the settlement pattern of ex-combatants, and implementation capacities at the provincial and community levels.

Duration. Following the date of effectiveness the Program would be implemented over a period of three years.

45. The Government is also working with its international partners, as well as with neighboring Governments, to facilitate the repatriation of an estimated 15,000 foreign ex-combatants. They will be accommodated by their own national DDR programs.

1 This applies to adults only.
3.4 The National DDR Program (PNDDR)

46. The PNDDR has been validated by representatives of all concerned ministries as well as all the belligerent parties. It outlines all of the elements of the DDR process from the disarmament and regroupment of the forces to the full economic re-integration of the ex-combatants. The IDA/MDRP financed DRCDRP will not fund disarmament. Within the PNDDR, the DRCDRP will consist of:

(i) Sensitization
(ii) Orientation/demobilization (including on-site services);
(iii) Transition
(iv) Reinsertion
(v) Special groups; and
(vi) Institutional development and Program implementation support.

47. The PNDDR and the DRCDRP will be implemented by the National Commission for DDR (CONADER) under the supervision of the Interministerial Committee for DDR (CIDDR).

48. The initial stage of the PNDDR has been conceived to run concurrently with the military reform program. As the latter program will review all currently mobilized armed forces and potentially demobilize approximately 150,000 of them, it is logical for reasons of both efficiency and security that the two programs share part of a common process.

49. Logistical arrangements. For security reasons and in order to promote savings and efficiency, the ‘Regroupement’, Disarmament and Orientation/Demobilization exercise will be carried out in phases. Each phase will correspond to a specific geographic area. Phases within a region will be run consecutively, whereas Phases in regions far apart will be able to be run concurrently. Within each DDR phase there will be, depending on the need, a number of:

- Army regroupment sites (mostly barracks)
- Disarmament Points
- Orientation/Demobilization Centers
- Child Protection Centers

There is also a plan for mobile disarmament and demobilization teams in very remote areas.

50. Some of these centers will be lodged in existing facilities requiring varying degrees of rehabilitation, some will have to be temporary structures constructed for the program. As it is planned for each person to spend up to five days in the Orientation Centers, the Centers will therefore accommodate up to 1,000 people per week in addition to the staff.

51. CONADER will require at least 10 provincial offices and some sub offices for reinsertion for the duration of the program (see organigram in Annex 5).
52. **Security Arrangements.** A phased approach will be applied to the program, which will allow for part of the armed forces to remain deployed for purposes of national security, for the provision of security during 'regroupment' when disarmament will take place and for security at the centers.

**Sensitization**

53. Prior to the launching of the actual DDR process, CONADER will commission specialized agencies to sensitize both the potential beneficiaries and the communities to which they will return as to the content and implications of the PNDDR, to manage expectations and secure participation in the program. They will also institute specific reconciliation activities in communities where the return of ex-combatants may cause tension or hostility. This sensitization and reconciliation service will continue throughout the life of the program as necessary.

**'Regroupement' and Disarmament.**

54. Although this activity is not covered by the project it is described here to provide a complete description of the national program. The current Unified High Command (UHC) has instructed that all forces within the current army wishing to be considered for integration into the new army must be restructured into formal units for administrative purposes and these will be known as units of '720'. Commanders of these units will submit (under oath) a list of all their combatants and their armament to CONADER prior to the DDR exercise.

55. With the implementation of the program and the start of the various phases selected '720' units will be confined to their barracks. All weapons will be registered and placed in a secure place. They will remain the property of the Congolese Government but be under international observation during the DDR period. Each combatant will be given a receipt for his weapon.

56. Those irregular combatants, or armed fighting groups, that have not been constituted into units of '720' under the Unified High Command, but that also require disarmament and potentially demobilization and re-integration, will be invited to present themselves to specially designated disarmament points, which will be under the supervision of CONADER. They will disarm, receive a receipt for their weapon and be invited to present themselves to the Orientation Center at a specific time.

**Orientation and Demobilization**

57. All Combatants will come to the Orientation Centers in pre-determined groups, unarmed and for those currently with the FA-RDC their military status will be "suspended." On entering, each ex-combatant will be identified and have his status verified. Children associated with armed forces will be separated and taken to specialized centers. Women will also be separated from the men. All will have a medical visit, (including HIV/AIDS sensitization and the possibility of voluntary testing). Adult ex-
combatants will then be briefed on the eligibility criteria, conditions for entering the army and the demobilization program and reinsertion benefits.

58. Those that wish to join the new army and that meet the eligibility criteria will immediately leave for a military location. There they will undergo further evaluation (at the expense of the MOD). If they should fail to meet the requirements of the security service, they will again become eligible for consideration for demobilization and reinsertion. A time frame and the process will be determined in the joint operations plan.

59. Those wishing to enter the demobilization and reinsertion process and meeting the criteria, will continue on to the demobilization activities. These will include: formal demobilization from the armed services; a formal acceptance of the terms of the program; the collection of socio-economic data; further orientation on the program; and civic training.

Identification and Verification

60. CONADER will supervise and coordinate the verification of the status of each combatant. This may require a special verification panel. The panel’s main role will be a) to establish whether the individual is a combatant either eligible for demobilization and re-integration as defined by the PNDDR or for integration into the new army; and b) to establish if the individual is a child soldier as defined by the Cape Town Principles. Those not meeting either set of criteria will be turned away. Human rights personnel may also intervene at this stage to identify suspected perpetrators of crimes against humanity.

Services provided during Orientation and Demobilization.

61. Medical Screening: A special medical team will screen the combatants to identify serious diseases or impairments that may affect economic and social reintegration or re-incorporation into the security forces. Voluntary counseling and testing for HIV/AIDS will be offered. To this end, medical teams will be established and will comprise members with skills relevant to HIV/AIDS and the special needs of women and children. All medical information will be kept confidential.

62. Socio-economic profiling: A simplified socio-economic questionnaire will be completed by CONADER for all demobilizing ex-combatants during the demobilization process. Data collected during the exercise will contain information about ex-combatants’ demographic characteristics (age, gender, marital status, number of children, etc.), education, assistance needs and aspirations. The data will be incorporated into the MIS to be administered by CONADER and will be used to inform the development of reintegration assistance strategies.
63. **Pre-discharge orientation:** Pre-discharge orientation (PDO) will provide ex-combatants and, where applicable their partners, with essential information. The orientation program will be put in place by CONADER, which will also identify and train counselors and prepare appropriate materials. The PDO will provide accurate information about program benefits and minimize unrealistic expectations. Specific PDO topics include:

(i) Demobilization ID card (non-negotiable, non-transferable);  
(ii) Program benefits and payment procedures;  
(iii) Program opportunities;  
(iv) The role of the CONADER’s provincial offices;  
(v) HIV/AIDS prevention and control; and  
(vi) Civic duties and human rights.

64. **Demobilization cards:** A proper identification system is essential to ensure target group integrity during program implementation. Each ex-combatant will receive a demobilization program ID card from CONADER. These will include photographs and be individually numbered and stamped. They will not vary by ex-combatant group. All ID card information will be incorporated into the Management Information System (MIS).

65. **Provisions for special target groups:** *Children associated with the armed forces:* while awaiting transfer to Transit Centers they will be separated and accommodated in areas managed by the child protection agencies. These agencies will reunify them with their families or place them in alternative care. *Dependents:* Although families of ex-combatants are not direct beneficiaries under the PNDDR, the family unit of an ex-combatant will be taken into consideration during the planning and implementation of the different phases of the program. CONADER will work in close consultation and coordination with relevant Ministries on all issues in relation to accompanying families.

**Reinsertion**

66. Upon discharge from the Orientation Centers, demobilized combatants lose their source of income and their right to army accommodation. Transitional safety net assistance will therefore be provided to support ex-combatants for a limited period following their return to civilian life (‘transition’ phase). It will consist of a Basic Needs Kit (Kit de première nécessité) to assist in the actual return to home and the first part of a Transitional Subsistence Allowance (TSA) to sustain the ex-combatant and his or her family until they have had a chance to register for the reintegration program in their area.

67. The BNK would provide the following assistance to facilitate the initial transition to civilian life of ex-combatants: (i) transport and food allowance, most probably in the form of a $30 cash grant; (ii) basic household items kit; The BNK would be provided to all ex-combatants upon their departure from the demobilization centers. Transport allowances will not be given to children as they will be transferred by child protection agencies to Transit Centers for children. Vulnerable cases such as handicapped and chronically ill may qualify for special transport assistance.
68. Transitional Subsistence Allowance: This assistance is provided in cash. Each adult ex-combatant will receive $50 on departure from the Orientation centers the first installment of the TSA.

**Reintegration**

69. The second and third installments of the TSA will be paid once the ex-combatant registers in his/her chosen area of reintegration. Upon registration at the provincial offices the ex-combatant will receive a cash payment of US $150. This will be followed a number of months later by a second payment of US $150, if the ex-combatants continue participating in program activities and are starting to reintegrate in their communities. The offices will be responsible for the registration of the ex-combatant for TSA as well as for the socio-economic reintegration.

70. Assistance will be provided to help ex-combatants reintegrate themselves into their communities and establish sustainable livelihoods. The following guiding principles will apply for reintegration assistance: (a) minimize market distortions and maximize beneficiary choice; (b) provide assistance that leads to sustainable livelihoods, (c) involve communities of settlement and foster reconciliation, (d) to the extent possible, benefit the wider community.

71. Economic reintegration. Ex-combatants should be offered assistance in attaining sustainable livelihoods. They should be equally eligible for the program irrespective of rank or former military affiliation or gender and they should be allowed to choose their reintegration destination freely. In principle, the programs should give preference to reintegration assistance that also benefits the ex-combatant’s community of return. To the extent possible, reintegration support should build on existing capacities rather than create new structures. Assistance will be offered in different forms: provision of information, counseling and referral services; vocational training, formal and informal apprenticeship schemes and educational opportunities; employment. It is anticipated that with the restoration of peace many labor intensive programs and other employment opportunities will be generated by public and private rehabilitation, development and investment initiatives. The Bank is itself supporting substantial government commissioned infrastructure programs throughout the country.

72. Social reintegration. Social reintegration is essential for a sustainable return to civilian life and livelihoods. Social reintegration may be especially difficult in areas where ex-combatants lost their families or where the social fabric has been destroyed. Community participation in the PNDDR is therefore considered critical for successful reintegration.

**Special target groups**

73. Gender. The PNDDR will provide targeted support for the social and economic reintegration of female ex-combatants. Women “associated with the fighting forces” may constitute a sizeable group that from previous experience warrants particular attention.
Often sexually abused they are not only traumatized but often stigmatized and require specialized re-integration support. Specific measures would include the following:

(i) Ensuring that the special needs (e.g., security, sanitation) of female ex-combatants are taken into account in the orientation centers;
(ii) ensuring that all benefits for ex-combatants are equal for and equally accessible to men and women;
(iii) encouraging female ex-combatants to participate in existing women’s associations;
(iv) including partners of ex-combatants and women in communities of return in community-level counseling activities;
(v) strengthening the gender awareness and capacity of CONADER staff and of others involved in the reintegration process; and
(vi) monitoring the impact of the Program on partners of ex-combatants and women in communities of return and bringing emerging problems to the attention of the relevant authorities.

74. Disabled ex-combatants. Only limited medical and economic assistance has been provided to disabled ex-combatants to date. The PNDDR would seek to systematically address the medical and economic rehabilitation needs of the estimated 2,000 disabled ex-combatants to be demobilized under the Program. A medical commission would define the degree of disability. With respect to physical rehabilitation, the Program would provide assistance depending on the degree of disability.

75. Chronically ill ex-combatants. The Program would also seek to systematically address the medical needs of chronically ill ex-combatants. A medical commission would determine the degree of illness. The Program would endeavor to ensure access to medical care and counseling for chronically ill ex-combatants for up to 12 months after demobilization. After this period, the Program would transfer responsibility for these ex-combatants to relevant health authorities.

76. Children associated with the armed forces. Child ex-combatants are estimated to represent at least 10% to 20% of the fighting forces. They will need priority assistance. CONADER will work in coordination with partners specialized in the area of child protection. The children associated with the armed forces program has been established by experts and based on current best practice. The guiding principle is to secure the release of all children associated with the fighting forces and to promote their earliest re-unification with their families or placement in alternative care.

77. Children associated with the armed forces will be separated from the adults and the mainstream DDR program as soon as presented to the program. They will be taken to

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2 Disability is defined as the functional limitation within an individual caused by physical, mental or sensory impairment
3 Children are “released” from the fighting forces and do not require ‘legal’ demobilization.
dedicated transit and orientation centers (TOC) for children where experts will assess their needs and define the best approach for re-integrating the child into society. The children will require special assistance especially in the areas of psychological support, drug abuse, sexual abuse, child mothers, etc., but the ultimate goal is to return the child to his or her family or to place them in an alternative family setting --TOCs are not to become permanent orphanages. Tracing services will endeavor to find the child’s family. However, if these cannot be found, extended family members or appropriate alternative care such as foster families, independent living, or group homes will be sought. Assistance will include family tracing and reunification, trauma counseling and psychosocial care, and facilitation of access to education or skills training in communities of settlement. While CONADER would coordinate general assistance to children associated with the armed forces, implementation would be undertaken by organizations experienced in this area. Several pilot activities are currently being funded through the MDRP Special Project window. These provide the basis for the national program.

78. HIV/AIDS. Previous experience has demonstrated that combatants are a high-risk group for HIV infection. The project would offer an extensive HIV/AIDS service to the ex-combatants. The PNDDR itself will provide the necessary counseling to all combatants in the Orientation centers in order to allow them to make an informed decision as to voluntary testing. On-site testing will be made available, as will any post-testing counseling that is required. PNDDR will only be able to provide treatment for acute opportunistic infections but will direct patients towards available HIV/AIDS programs. The MAP program in DRC has recently been launched and it is hoped that it will provide an increasing number of treatment opportunities to which ex-combatants can be referred.

3.5 Program Costs

79. The Government's Program is estimated to cost US$ 200 million (see Table 1), of which IDA would finance US$100 million. MDRP is financing an additional $100 million of the program and $18 million through special projects. Total Program costs per beneficiary are roughly $1228.

<table>
<thead>
<tr>
<th>Component</th>
<th>Average Unit Cost (US$)</th>
<th>Total Program Cost (million US$)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Demobilization</td>
<td>230</td>
<td>34</td>
<td>17%</td>
</tr>
<tr>
<td>2. Transition/Reinsertion</td>
<td>441</td>
<td>66</td>
<td>33%</td>
</tr>
<tr>
<td>3. Special Groups</td>
<td>16</td>
<td>16</td>
<td>8%</td>
</tr>
<tr>
<td>4. Reintegration</td>
<td>300</td>
<td>45</td>
<td>22%</td>
</tr>
<tr>
<td>5. Program Management</td>
<td>238</td>
<td>36</td>
<td>18%</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>197</td>
<td>98%</td>
</tr>
<tr>
<td>Contingencies</td>
<td>19</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Total (estimated)</td>
<td>1228</td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Average unit cost for ex-combatants, excluding special target group beneficiaries.
80. **Government counterpart contribution.** Notwithstanding its fiscal constraints, the Government is committed to supporting the Program. In this spirit, Government would waive all taxes levied in DRC on works, goods and services for this Program. It would also contribute land, office space, security and other in-kind support.

**Table 2: Demobilization and Reintegration Program Financing Plan**

<table>
<thead>
<tr>
<th>Source</th>
<th>Million US$</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>MDTF / MDRP</td>
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<td></td>
</tr>
<tr>
<td>National Program Grant</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>MDRP Special Projects</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

3.6 **Effectiveness Conditions**

81. The following conditions of effectiveness have been agreed upon with Government:

(i) the following staff, with qualifications and experience satisfactory to the Association, have been appointed: in CONADER: a Project coordinator; a deputy Project coordinator, a financial and personnel manager; a director for disarmament and demobilization, a director for reinsertion, a director for sensitization and information, and a director for children associated with Armed Groups; and in CGFDR: an administrator and a procurement specialist.

(ii) the Financial Management Agency (FMA) has been recruited and a financial management and accounting system for the Project, including the Financial and Administrative Procedures Manual, satisfactory to the Association has been established with the assistance of the FMA;

(iii) an independent auditor has been appointed satisfactory to IDA;

(iv) the PIM, including a procurement plan, and the MFAP, in form and substance satisfactory to the Association, have been adopted by the Recipient;

(v) administrative texts, satisfactory to the Association, setting out the eligibility criteria for the demobilization and reintegration of Ex-Combatants have been published and the *arrêtés* defining the organization and operation of CIDDR, CONADER and CGDDR, satisfactory to the Association, have been published.
4 Studies and Technical Assistance

82. A number of studies have been identified to support the development and implementation of the program. Some of these studies are being financed under the PPF and others will be carried out through MDRP supported special projects or through additional technical support provided by the World Bank. Technical assistance may also be provided directly to CONADER by the World Bank, MDRP, and bilateral donors and through MDRP supported special projects.

4.1 Studies

83. Economic Opportunity Inventory. The objective of this study would be to establish an inventory of reintegration opportunities (training, employment, development projects, etc.) by province and sector. This inventory would be used by the PPOs for informing and sensitizing ex-combatants.

84. Pre-demobilization orientation program. A program would be developed to provide ex-combatants with information about the Program, health issues and civilian life. In particular, ex-combatants would be briefed about their benefits and the modalities of accessing them, banking and financial matters, civic and community duties, training and employment opportunities, access to land and credit, income generating activities, and family and health issues.

85. Program of community sensitization and participation. The objective of this program would be to sensitize the civilian population about the PNDDR and the challenges faced during this process by ex-combatants and their families. The program would also address the concerns of the receiving communities and encourage their participation in reintegration activities. The program would be disseminated in various forms of media (e.g., radio, brochures, popular folk theater, and newspapers).

86. Assistance for disabled ex-combatants. This study would help design and cost the detailed assistance package to: (i) provide counseling necessary for the social reintegration of disabled ex-combatants; (ii) physical rehabilitation of disabled ex-combatants to achieve optimal and sustainable benefits from therapeutic interventions such as the provision of prostheses and physiotherapy; and (iii) where relevant, train disabled ex-combatants in skills needed to pursue an economic activity which is both of their choice and economically viable. The assistance would encourage the development of community-based rather than institution-based services, and would further initiatives which increase the capacity of disabled people to help themselves and each other.

87. Management Information System (Data Base). The system will manage all data relating to monitoring and evaluation and will include: socio-economic data, identification system for ex-combatants and other beneficiaries, and links to the financial management system.
88. Identification of gender issues and inclusion of these issues in the PNDDR. The study will identify critical needs related to gender and propose specific actions to ensure that women and men both play a role in the socio-economic reintegration of ex-combatants in their communities.

89. Identification of training resources for reintegration. This study will provide a map of available training capacity related to reintegration, define activities and put in place a network of partners, community associations, national and international NGOs, and private, public and parastatal organizations working on capacity building.

90. Financial management system. Design of an FMS, including a manual of financial and procurement procedures.

91. Development of an implementation manual. The objective of the PIM is to describe how the various components of the program will be implemented, monitored and evaluated. This activity will include a review of program documents and a summary of the program; a brief description of the program components and activities, and of Government policy on demobilization and reintegration; an implementation framework; a table of activities, resource requirements, implementation time frame, implementing office(s), and beneficiaries under consideration; implementation arrangements related to fund administration; a procurement plan; guidelines and operational procedures of demobilization, reintegration, social and economic reintegration; vulnerability guidelines; organizational structures and terms of reference for program staff.

92. Identification of questions related to children associated with the armed forces. The study will consolidate the lessons learned in pilot activities on child soldier demobilization and define procedures for continuing these activities.

93. Identification of issues linked to HIV/AIDS. The study will formulate recommendations on the type of interventions relative to HIV/AIDS to be undertaken by the demobilization program, outline the implementation procedures and propose a budget.

4.2 Technical Assistance

94. Local and/or expatriate technical assistance may be required for long-term and short-term assignments during Program implementation. Consultancies will be required on an ongoing basis, especially for the design and the implementation of the manual of procedures and the training of the FM staff and for periodic external technical and financial audits and independent evaluations. Where not covered under the MDRP special projects or through other agreed bilateral technical support, qualified (private and/or public) providers would be contracted by CONADER to undertake such activities. Targeted technical assistance may also be needed for HIV/AIDS activities and the special target groups component. CONADER will sub-contract activities in part or as a whole to qualified implementers.
5 Institutional Arrangements and Program Implementation

95. The institutional structure for the Program was established on December 18, 2003 by decree (03/041, 03/042, 03/043). It consists of three primary institutions.

96. The Interministerial Committee on disarmament, demobilization and reintegration (CIDDR). This committee will provide oversight on the PNDDR. Its responsibilities include the following:

(i) determining Government policy for the demobilization and reinsertion of ex-combatants;
(ii) monitoring and guiding the implementation of the PNDDR;
(iii) providing strategic and policy-level Program coordination.
(iv) ensuring coordination of policy between DDR and Security Sector Reform (SSR)

97. The National Commission on DDR (CONADER). CONADER will implement the program including:

(i) the preparation and costing of detailed annual implementation plans;
(ii) the implementation and coordination of the individual PNDDR components (demobilization, reinsertion, reintegration, special target groups, HIV/AIDS measures). To this end, CONADER would establish close links with relevant Government departments, local organizations and associations, and the private sector;
(iii) monitoring and evaluation of implementation progress and impacts; and
(iv) ensuring the coordination of international partners in accordance with the needs of the program and the principles of the MDRP

98. Comité de Gestion des Fond DDR (CGFDR): The Committee to manage funds for DDR is responsible for the transparent and accountable administration of Program resources (including procurement and financial management).

99. Links between the three institutions will be further detailed in the implementation manual. The FM arrangements should be adapted to the relations put in place between the three institutions in term of responsibility, reporting and control.

National Level

100. CONADER will consist of 5 departments (see organigram Annex 5):

(i) Disarmament and Demobilization
(ii) Reinsertion
(iii) Administration and Finance
101. The implementation mechanisms for the DDR component are outlined in the PNDDR and detailed in the Joint Operations Plan for DDR. The management of the DDR program will come under a specialized unit of CONADER, which will carry overall responsibility for all aspects of the DDR process. It should be noted, however, that the regroupment and disarmament exercise, though planned and overseen by members of the CONADER and monitored by MONUC, will actually be carried out and largely funded by the MOD and not by the DRCDRP.

Regional Level

102. Due to the size of the country and the probability that ex-combatants will return to all provinces, CONADER will establish a Provincial Program Office (PPO) in each province to administer reinsertion assistance, and to monitor and evaluate program implementation progress and impacts.

103. The PPOs will report to CONADER and be attached to the offices of the provincial administration to ensure the integration of Program implementation in the Government’s provincial structures.

104. The CONADER Provincial Program Offices would be responsible for the following:

- updating the inventory of projects and training and employment providers;
- conducting outreach activities with ex-combatants, including counseling and referral as well as business development support;
- managing the work of district ex-combatant outreach personnel;
- technical and financial monitoring of reintegration activities;
- coordinating with other Government and non-governmental institutions and reconstruction activities; and
- reporting to CONADER on a regular basis.

5.1 Staffing, institutional support and capacity building

105. The institutional structure for Program implementation will be new and will require strengthening at all levels. Staff recruited for these positions should have experience and qualifications satisfactory to IDA. Provincial staff would be recruited in accordance with the settlement patterns of ex-combatants. Qualified ex-combatants could fill these positions.

106. Equipment would be provided to help each office fulfill its responsibilities effectively. For CONADER this would include vehicles and office equipment. Each Provincial Program Office would receive essential office equipment as well as motorcycles for monitoring and outreach activities.
107. Staff development at the central and provincial levels would be critical for effective Program implementation. Staff at all levels would undergo necessary training. The objectives of this training, which would commence immediately after staff have been recruited/assigned, would be to ensure that all involved in the PNDDR have the same understanding of the Program objectives, procedures, and specific responsibilities, including their tasks in relation to the internal reporting system. A staff development program would be prepared and would include: (i) the preparation of a training plan; (ii) the development of training materials; and (iii) the carrying out of training activities, including gender awareness and sensitization, conflict resolution and reconciliation. Staff selection and training would include measures to enhance the ability of CONADER personnel to provide assistance in an equitable manner irrespective of the former military affiliation of beneficiaries.

5.2 Financial Management, Disbursements and Auditing

108. The overall coordination of the fiduciary aspects of the Program would be under the responsibility of the CONADER. All funds would be managed by the CGFDR with technical guidance by an independent accounting firm recruited prior to project effectiveness. PPOs would not be involved in funds management, though petty cash would be made available to cover minor expenses within established limits.

109. The principal objective of the Program’s financial management system (FMS) would be to support management in the distribution of limited resources with the purpose of ensuring economy, efficiency and effectiveness in the delivery of outputs required to achieve program objectives. Specifically, the FMS must be capable of producing timely, understandable, relevant and reliable financial information that would enable management to plan, implement, monitor and appraise the Project’s overall progress towards the achievement of its objectives.

110. Qualified, experienced and independent external auditors would be appointed on approved terms of reference. Regular financial and technical external audits will be carried out due to the complexity the risk and the need for monitoring the performances of the program. The external audits would cover all World Bank, other donors and Counterpart funds at all levels of Program execution.

Disbursement Arrangements

Financing Mechanisms

111. Retroactive financing. To facilitate speedy support to ex-combatants demobilized prior to project effectiveness, the Project would allow retroactive financing in the amount of US$20 million (20% of the IDA grant amount). Retroactive financing would allow the Government to initiate large-scale demobilization activities as soon as possible.
**Multi-donor trust fund.** The Government recognizes that the MDRP trust fund would help to ensure comprehensive financing for the Program, facilitate the involvement of donors that might otherwise not be able to participate, minimize duplication of efforts, and reduce the administrative burden on Government through the application of one set of implementation procedures. Government will thus apply to the MDTF of the MDRP to finance the part of the program not financed by IDA or by bilateral partners. IDA financing is made under the assumption that MDRP financing will be approved. Problems with the approval of MDRP funding for the DRCDRP may lead to suspension of IDA financing.

112. **Direct Cash Payments to Ex-Combatants.** Cash payments to ex-combatants are a standard feature of transitional safety nets in DDR programs. In order to improve the financial management of these payments and ensure the timely availability of funds, this project will make these payments directly from IDA funds. This requires a partial waiver of OP 2.30 because some of the cash may be used for purchasing food and other items that might be construed as humanitarian assistance. To facilitate financial monitoring, the project will put in place a dedicated special account to be used only for processing these payments. Funds will be disbursed from the Special Account through a financial firm hired to manage the cash payments. Eligible ex-combatants would be required to appear for payments at specified times and locations with their ID cards. Payments would be initiated and authorized at the Central level by CONADER. The transitional subsistence allowances (TSAs) will be handed to ex-combatants at the respective CONADER demobilization centers over the territory.

113. The following bank accounts would be maintained by CONADER for program funds:
   - **IDA Grant Special Account A:** (denominated in US dollars), program funds would be deposited from the IDA Grant for cash payments to eligible ex-combatants;
   - **IDA Grant Special Account B:** (denominated in US dollars), program funds would be deposited from the IDA Grant for all other eligible expenses.
   - **MDTF Special Account:** (denominated in US dollars), program funds would be deposited from the Multi-Donor Trust Fund (MDTF).

114. The IDA Grant Special Accounts and the MDTF Special Account would be maintained in a commercial bank acceptable to IDA.

**Use of Statements of Expenditures (SOEs)**

115. Disbursements for all expenditures will be made against full documentation except for items of expenditures under: (a) contracts for consulting firms in amount inferior to US$ 100,000 equivalent; (b) contracts for individual consultants in an amount inferior to US$ 50,000 equivalent; (c) contracts for works in an amount inferior to US$ 200,000; and (d) contracts for goods in an amount inferior to US$ 100,000; (e) cash payments, training and operating costs, which will be claimed on the basis of statements of expenditures (SOEs). All supporting documentation for SOEs will be retained at CONADER and the
regional offices of CONADER. They will be kept readily accessible for review by periodic IDA supervision missions and external auditors.

**Special Accounts**

116. To facilitate project implementation and reduce the volume of withdrawal applications, CONADER will open two Special Accounts in US dollars in a commercial bank acceptable to IDA. Special Account A will finance cash payments to ex-combatants under the contract signed with a financial firm, while Special Account B will finance all other project expenditures. The authorized Special allocations will be US$ 3 million for Special Account A and US$ 4m for Special Account B and will cover approximately four (4) months of expenditures. Upon credit effectiveness IDA will deposit the amount of US$ 1.5 million into Special Account A and 3 million into Special Account B representing 50 percent of the authorized allocation.

117. The remaining balance will be made available when the aggregate amount of withdrawals from the Credit account plus the total amount of all outstanding special commitments entered into by the Association shall be equal or exceed the equivalent of SDR 2 million for Special Account A and SDR 20,500,00 for Special Account B. The Special Accounts will be used for all payments inferior to 20 percent of the authorized allocation and replenishment applications will be submitted monthly. Further deposits by IDA into the Special Account will be made against withdrawal applications supported by appropriate documents.

**Accounting and Financial Reporting Arrangements**

**The Accounting Firm**

118. An internationally recognized accounting firm will be recruited on a short-term contract (12 to 18 months) to provide technical assistance to the FM team of CONADER and CFGDR including (i) developing a manual of administrative, financial and accounting procedures, (ii) assisting in implementing a sound computerized financial management system (budgeting, accounting system, financial reporting) at the central and regional levels and (iii) training the staff. This firm would provide support to the project until such time as IDA’s financial management staff certify that CFGDR has sufficient capacity.

**Administrative, Financial and Accounting Procedures Manual**

119. The accounting systems, policies and procedures employed by the program in accounting and managing for the program funds will be documented in the project’s Financial and Accounting Procedures Manual (FAPM). This will be used by: staff as a reference manual; IDA and other donors to assess the acceptability of the project accounting, reporting and control systems; and by the auditors to assess project accounting systems and controls and in designing specific project audit procedures.
Integrated Financial Management System

120. For the Program to deliver on its objectives, a Financial Management System would be developed. A financial management action plan has been designed to achieve this prior to project effectiveness (see below). The system should integrate budgeting, operating and accounting systems to facilitate monitoring and reporting. System generated formats for periodic reports would be developed and agreed with program management.

Financial Monitoring Reports (FMRs)

121. Project management staff should be able to produce FMRs by effectiveness. The report would be prepared on a quarterly basis in accordance with the Guidelines for Borrowers on Financial Monitoring Reports and would include the following:

- Sources and Uses of Funds by Grant Categories and Program Components
- Output Monitoring Report
- Procurement Monitoring Reports
- Cash forecast
- Special Account Statement
- Physical progress Report
- Notes to the FMRs

Financial Statements

122. In compliance with International Accounting Standards and IDA requirements, the project would produce biannual financial statements. Financial Statements would include:

- A Statement of Cash Receipts and Payments which recognizes all cash receipts, cash payments and cash balances controlled by the project.
- A Balance Sheet that shows Assets and Liabilities.
- A Statement of Sources and Uses of Funds.
- Notes in respect of significant accounting policies and accounting standards adopted by management and underlying the preparation of financial statements.
- A Management Assertion that Bank funds have been expended in accordance with the intended purposes as specified in the World Bank legal agreement.

Audit Arrangements

External Financial Auditing

123. Qualified independent auditors would be appointed by the CONADER. The selected auditors would be acceptable to IDA in terms of independence, qualifications and experience. The audit would be based on terms of reference agreed with IDA. The external audit work would include all World Bank funds, other funds and Government funds (if available) for the program.
124. The financial statements of the Program would be audited every six months (at least for the two first years of the program) until performance is proved to be satisfactory, and annually thereafter. The date of the first audit would be determined in consultation with IDA. The first audit would include the period of the PPF.

125. In addition to the audit report, the auditor would be required to prepare a Management Letter where internal control weaknesses and recommendations for improvements, are highlighted. A single audit opinion would be issued on program income and expenditures, special accounts and statements of expenditure. Another audit opinion will be issued on specific controls such as compliance with procurement procedures and FMR requirements and the terms of the grant agreements. The audit reports along with Management Letters would be sent to IDA and all other financing partners not later than four months after the end of each preceding period.

126. For the sake of comprehensiveness and harmonization of procedures, Program funds would be administered and audited irrespective of their source and the financing mechanism employed.

External Technical Auditing

127. A firm of technical auditors will be contracted competitively to assess the performance of the program and to review procurement, statements of expenditures, as well as verifying the physical existence of goods, equipment, and services acquired through the program. This audit will be conducted on a quarterly basis for the first two quarters and then semi-annually. The selection of the successful firm will be based on Terms of Reference that are acceptable to IDA. The terms of reference will also set out the scope of the audit. The audited documents together with the auditor’s report will be submitted to IDA within four months of the end of the review.

Financial Management Action Plan

<table>
<thead>
<tr>
<th>Issue</th>
<th>Remedial Action Recommended</th>
<th>Due Date</th>
</tr>
</thead>
</table>
| Accounting Firm – AF | • An International Accounting Firm will be hired:  
• ToRs for the recruitment of the Accounting firm agreed with Government and expressions of interest advised  
• The recruitment of the AF completed and the contract signed by CONADER | By effectiveness Condition of effectiveness |
| Staffing | • Recruitment of key fiduciary staff in CONADER and CGFDR | Condition of effectiveness |
| Information System including accounting software | • Recruitment of Accounting Firm to assist in the design of the computerized financial management system | By grant Effectiveness |
| Manual of | • ToRs for the recruitment of the Consultant | Condition of |
## Administrative and Financial Procedures

<table>
<thead>
<tr>
<th>Administrative and Financial Procedures</th>
<th>Agreed and recruitment completed</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manual finalized and agreed</td>
<td></td>
</tr>
</tbody>
</table>

### External Auditing (Financial and Technical)

- ToRs for the selection the External Auditors agreed and expressions of interest advertised
- Selection of the External Financial Auditor completed and agreed by the Bank

By Effectiveness
3 months after effectiveness

### Financial Reporting

- Agreement on the formats and contents of the Financial statements

By effectiveness

## Financial Supervision

128. The World Bank would do financial Management Supervision over the program life to ensure the implementation of strong financial management systems. Statement of Expenditure (SOE) reviews would be undertaken where necessary in compliance with World Bank requirements.

129. On a semi-annual basis or at such time as the Government and the Bank deem necessary, the Government and IDA would carry out joint supervision missions. These missions would make spot checks on a small random sample of beneficiaries at their place of residence to verify the use of the funds disbursed.

130. The Project Status Report (PSR) will include a financial management rating for the component done by the Country Office Financial Management Specialist after an appropriate review.

## Risk Analysis

131. In order to establish an acceptable control environment and to mitigate financial management risks, the measures outlined in the Action Plan (above) should be implemented. The Program is high risk until the FMS and other operational systems are well defined and documented, and personnel are trained.

132. **Safeguards to ensure the proper use of funds.** Six safeguards have been built into the Program to ensure that IDA funds are utilized for the purposes intended:

- Periodic audits would verify appropriate use of funds under all Categories;
- A unique, non-transferable, photograph ID would be provided to each ex-combatant. This would be used to verify ex-combatants’ eligibility for assistance;
- The IDs would be entered in an integrated MIS that would enable CONADER and Provincial Program Offices to track Program implementation at the central and local level;
- Annual surveys of a representative sample of the beneficiary population would track Program delivery and verify their receipt of assistance; and
- IDA would carry out semi-annual supervision missions in collaboration with interested UN/donor partners.

133. **Overall assessment.** A Bank accredited Financial Management Specialist has reviewed the present status and the agreed actions indicated in the Financial Management Action Plan above. On this basis, IDA has reasonable assurances for satisfactory financial management of Program funds in conformity with current IDA requirements. The financial management of the PNDDR would require close follow up. To this end, specialized Bank staff would monitor financial management performance on an ongoing basis.

5.3 Procurement


135. The Grant would finance goods required for the demobilization process, including basic needs kits, equipment to prepare ID cards. The Grant would also finance office equipment and vehicles/motorcycles for the CONADER and the PPOs, as well as the rehabilitation of, and the purchase of essential equipment.

**Procurement capacity assessment and implementation arrangements**

136. Procurement activities would be handled by CONADER, via the CGFDR, including: (i) preparation of the General Procurement Notice and its annual update; (ii) preparation of the specific procurement notices; (iii) preparation and update of the six monthly procurement plan; (iv) drafting bidding documents and request of proposals; (v) awarding of contracts and requesting for IDA no-objections when required; and (vi) drafting of contracts and ensuring that contracts are implemented and managed properly.
137. CONADER is a new institution with limited procurement experience. As a result, the project is considered high risk. While the procurement program financed by the Grant is not extensive, the fact that the upfront delivery of some goods and the completion of rehabilitation of some works would be critical to the success of the Program, means that the CONADER needs to be guided and assisted in order to fulfill its responsibilities satisfactorily. Consequently, the following measures were agreed: (i) recruitment of an international procurement consultant to assist the CONADER to prepare the detailed procurement plan for the first six months of operation, the bidding documents for the first six months and provide on-the-job training to the national procurement officer; (ii) recruiting a consultant to prepare the Program implementation manual (PIM); (iii) recruiting the national procurement officer before Grant Effectiveness. These activities would be financed under the Project Preparation Facility (PPF). The adoption of a PIM satisfactory to IDA would be a condition of Grant effectiveness. The consultant to prepare the manual has been identified and the PIM should be available by the end May 2004.

Procurement plan

138. CONADER would prepare the procurement plan for the first six months of operation before Grant effectiveness. It would update the plan every six months for discussion with the Bank during supervision missions. Regular Financial Monitoring Reports would present procurement activities in an appropriate degree of detail.

Procurement methods

138. Contracts for goods estimated to cost US$ 200,000 equivalent or more, may be awarded by International Competitive Bidding (ICB).

139. For contracts with the commercial bank or other financial firm to handle cash payments, single source selection may be used provided it is done with prior approval of the Bank and according to the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

140. Goods estimated to cost less than US$ 200,000 equivalent per contract may be awarded by National Competitive Bidding (NCB) as described in paragraphs 3.3 and 3.4 of the IDA procurement guidelines. Due to the urgency of the Program, and in order to facilitate the speedy procurement of immediately required drugs and other critical items, international and national shopping methods would be employed more than is customary in Bank financed projects. Hence, drugs, reagents, and medical items estimated to cost not exceeding the equivalent of US$ 150,000 per contract as well as other goods not exceeding the equivalent of $50,000 may be procured on the basis of comparison of at least three quotations at national or international level in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines. A sample format for international shopping would be included in the Program implementation manual.

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4 The amounts per contract and the aggregate amounts apply to the IDA Grant only.
141. Goods including vehicles, motorcycles, computers, drugs and medical items may be procured through United Nations agencies (IAPSO, UNFPA, UNICEF, WHO, WFP, FAO) in accordance with the provisions of paragraph 3.9 of the guidelines.

142. Goods which must be purchased from the original supplier to be compatible with existing equipment or are of proprietary nature may, with IDA’s prior agreement, be procured by direct contracting in accordance with the provisions of the paragraph 3.7 of the Guidelines.

143. Civil works contracts would be very limited in both number and value, hence no ICB is foreseen. However, ICB procedures would apply for civil works estimated to cost the equivalent of US$ 500,000 or more. Civil works estimated to cost between US$ 100,000 and less than US$ 500,000 equivalent per contract may be awarded by National Competitive Bidding (NCB) in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

144. Given the urgent requirement to rehabilitate demobilization centers on an exceptional basis, civil works estimated to cost less than US$ 100,000 equivalent per contract may be procured on the basis of quotations obtained from at least three qualified contractors in response to a written invitation. The written invitation would include a description of the works, basic technical specifications, completion date and if necessary the plan of the works. The contract may be awarded to the contractor who offers the lowest quotation provided that the bid is substantially responsive to the conditions specified in the written invitation. A simple format of the invitation with all the subsequent documents (instruction to bidders, model of contract etc.) would be included in the Program implementation manual.

145. Consultants’ services procured under the Grant would finance the strengthening of local institutions responsible for the execution of the Program: CONADER, Provincial Program Offices, district administrations as well as associations and community-based groups. The Grant would also finance technical studies in support of Program execution, the monitoring of Program components, external financial audits and external Program evaluations.

146. All consultant services estimated to cost more than US$ 100,000 equivalent per contract would be selected using the Quality and Cost-Based Selection (QCBS) method. For contracts estimated to cost less than US$ 100,000 equivalent, the short list may be comprised entirely of national consultants provided that at least three qualified national consultants are available. However, if foreign firms express an interest in these contracts, they would not be excluded from the selection process.
147. Consultant services for training, technical advisory services and implementation support for special groups and HIV/AIDS activities estimated to cost less than US$100,000 equivalent for firms may be awarded through the Consultants’ Qualifications method in accordance with the provisions of paragraphs 3.7 of the Guidelines. Consulting services contracts meeting the requirements of Section V of the Consultants Guidelines may be selected under the provisions for the selection of Individual Consultants, i.e. through the comparison of the *curriculum vitae* of at least 3 qualified individuals.

148. Contracts for consultant services for financial audits and external evaluations, estimated to cost less than US$75,000 equivalent per contract, may be awarded using the least cost selection method, in accordance with the provisions of paragraphs 3.1 and 3.6 of the Bank’s Guidelines for the selection of consultants.

149. UN agencies may be hired as consultants, where they are qualified to provide technical assistance and advice in their area of expertise, according to the provisions of paragraph 3.13 of the Guidelines. UN agencies may be hired on a single-source selection basis if the criteria outlined in Section 3.9 of the Guidelines are fulfilled.

**Thresholds for prior review**

150. *Goods* estimated to cost the equivalent of US$150,000 or more and civil works contracts estimated to cost the equivalent of US$200,000 or more would be subject to IDA prior review.

151. For *consultant services*, contracts estimated to cost the equivalent of US$50,000 or more for individuals and the equivalent of US$100,000 or more for firms would be subject to IDA prior review procedures.
Table 3. Procurement Arrangements Summary Table

<table>
<thead>
<tr>
<th>Procurement category</th>
<th>Procurement method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of services for the implementation of cash payments</td>
<td>Single source selection under provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines</td>
</tr>
<tr>
<td>Goods estimated to cost the equivalent of US $200,00 or more and civil works estimated to cost the equivalent of US$500,000 or more:</td>
<td>International Competitive Bidding as described under section II. of “Guidelines: procurement under IBRD loan and IDA Grant” (ICB).</td>
</tr>
<tr>
<td>Goods estimated to cost less than the equivalent of US$200,000 and civil works estimated to cost more than the equivalent of US$100,000 and less than the equivalent of US$500,000:</td>
<td>National Competitive Bidding as described under paragraphs 3.3 and 3.4 of “Guidelines: Procurement under IBRD loans and IDA Grants”.</td>
</tr>
<tr>
<td>Goods purchased from the original supplier to be compatible with existing equipment or, are of proprietary nature:</td>
<td>Direct contracting as described under paragraph 3.7 of “Guidelines: Procurement under IBRD Loans and IDA Grants”.</td>
</tr>
<tr>
<td>Goods including medical items:</td>
<td>UN agencies as described under paragraph 3.9 of &quot;Guidelines: Procurement under IBRD Loans and IDA Grants&quot;.</td>
</tr>
<tr>
<td>Drugs, reagents, medical equipment not exceeding the equivalent of US$150,000 per contract, other goods not exceeding $50,000 and civil works not exceeding the equivalent of US$100,000 per contract:</td>
<td>Quotations obtained from at least three qualified enterprises as described under paragraphs 3.5 and 3.6 of “Guidelines: Procurement under IBRD Loans and IDA Grants”.</td>
</tr>
<tr>
<td>Consultant services to be procured by firms and estimated to cost the equivalent of US$100,000 or more:</td>
<td>Quality and cost based selection as described under section II. of the Guidelines “Selection and Employment of consultants by World Bank Borrowers”.</td>
</tr>
<tr>
<td>Consultant services to be procured by firms and not exceeding the equivalent of US$100,000 per contract:</td>
<td>Consultants’ qualification selection as described under paragraphs 3.1 and 3.7 of the Guidelines “Selection and Employment of consultants by World Bank Borrowers”.</td>
</tr>
<tr>
<td>Consultant services which can be conducted by an individual without additional outside professional support:</td>
<td>Selection of individual consultants as described under section V. of the Guidelines “Selection and Employment of consultants by World Bank Borrowers”</td>
</tr>
<tr>
<td>Consultant services for financial audits and external evaluations not exceeding the equivalent of US 75,000 per contract:</td>
<td>Least cost selection as described under paragraphs 3.1 and 3.6 of the Guidelines “Selection and Employment of consultants by World Bank Borrowers”.</td>
</tr>
<tr>
<td>Hiring UN agencies as consultants:</td>
<td>Selection according to paragraphs 3.13 of the Guidelines “Selection and Employment of consultants by World Bank Borrowers”.</td>
</tr>
</tbody>
</table>

152. All other goods, civil works and services contracts would be subject to post review by IDA during supervision missions and by auditors during the technical and financial audits.
5.4 Monitoring and Evaluation

153. Project monitoring and evaluation will draw upon a comprehensive Management Information System (MIS) that will combine in a modular fashion databases relative to (a) individual ex-combatants information, (b) payments of transitional safety net allowances, (c) employers, training providers, and consultants in principle accessible to ex-combatants, and (d) accounting and financial management information. Regional offices will have access to the MIS and will be connected to the Monitoring and Evaluation Unit in CONADER’s Kinshasa office via satellite, thus allowing for the timely exchange of information. Ad hoc studies will be carried out as needed. These will include a formal evaluation of the demobilization process as well as regular beneficiary assessments, combining both quantitative and qualitative methods. A mid-term review will be carried out by the government and the Bank. An implementation completion report will be prepared within six months of the Credit closing, with the government of DRC contribution included.

154. The Monitoring and Evaluation Unit will ensure that information is provided and shared regularly, so as to be an effective tool for project management. The M and E Unit will also be responsible for measuring project performance against the agreed performance indicators specified below. Specifically, the M and E Unit will (a) monitor the functioning and effective utilization of the MIS, (b) organize and supervise ad hoc evaluation studies, (c) provide timely feedback to CONADER management, (d) prepare regular reports for CONADER, government and donors.

155. DDR component. Monitoring of the DDR component aims at ensuring that project benefits are provided in a timely and effective manner and that leakage is minimal. Information on beneficiaries will be entered in the MIS during the demobilization phase and transmitted to the pertinent regional DDR office to allow individualized follow-up. At the same time, a robust system of non-transferable picture IDs will deter misuse and make forgery difficult. Regional offices will be expected to update information on each beneficiary promptly, and transmit it to the M and E Unit. At any point during project implementation, therefore, the MIS should provide a comprehensive and detailed picture of the status of reintegration for each ex-combatant. Information on children associated with the armed forces will be sent by the TOCs to the closest regional DDR office on a monthly basis (the TOCs will not have direct access to the MIS), and the office will enter it into the system.

156. A strong local presence through the regional offices will make it possible to follow project execution closely. In addition, for the first year of project implementation, each regional DDR office will have a special liaison officer who will answer beneficiary concerns and take stock of the problems encountered. The liaison officer will also make visits to a sample of combatants in their community of settlement with the purpose of assessing the success of reintegration efforts and provide feedback to the Coordination Unit on a regular basis. UNICEF teams and a Child Soldier Specialist will visit Children associated with the armed forces regularly from the CONADER central office.
Table 4 Key Performance Indicators

<table>
<thead>
<tr>
<th>Program Phase</th>
<th>Key Program Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro Indicators</td>
<td>• 30,000 Ex-Combatants demobilized by the end of the first year of the project and an additional 80,000 demobilized by the end of the second year</td>
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<tr>
<td></td>
<td>• Number of Refugees and IDPs returned home.</td>
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<tr>
<td></td>
<td>• The ratio between social sector expenditures and defense expenditures increases each year of the project from 23% (in 2002).</td>
</tr>
<tr>
<td>DRCRP: General</td>
<td>• Timely disbursement of funds.</td>
</tr>
<tr>
<td></td>
<td>• MIS in place and functional three months after Project effectiveness.</td>
</tr>
<tr>
<td></td>
<td>• An external evaluation of the implementation of the Project is carried out annually in accordance with Section III.2 of Schedule 4 to this Agreement and includes an analysis of environmental and social monitoring indicators</td>
</tr>
<tr>
<td>DRCRP: Sensitization &amp; information</td>
<td>• Sensitization and information tools for ex-combatants in place in a timely manner and in accordance with PNDDR.</td>
</tr>
<tr>
<td>DRCRP: Demobilization</td>
<td>• Orientation Centers are established according to the timeline in the JOP.</td>
</tr>
<tr>
<td>DRCRP: Transition/ Reinsertion</td>
<td>• First reinsertion payment to all demobilized Ex-Combatants made upon discharge from demobilization sites; and second and third reinsertion payments made within three months of their programmed date and in accordance with the PIM</td>
</tr>
<tr>
<td></td>
<td>• Less than 5% error (double or incorrect payments) made in reinsertion payments.</td>
</tr>
<tr>
<td>DRCRP: Reintegration</td>
<td>• 60% of demobilized ex-combatants engaged in productive economic activities (or schooling) 1 year after demobilization.</td>
</tr>
<tr>
<td></td>
<td>• Active program for female ex-combatants within 6 months of the start of the demobilization process.</td>
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<tr>
<td></td>
<td>• 70% of child soldiers associated with Armed Groups successfully reintegrated in their chosen reintegration site within 12 months of leaving the transit centers</td>
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</table>

5.5 Program Sustainability

157. The DRCRP is designed to aid the sustainable social and economic reintegration of ex-combatants. In this regard, it would make a positive contribution to the socio-economic status of ex-combatants, their families and their communities of settlement. The Program would also foster micro-economic recovery by transforming ex-combatants into positive economic actors and injecting financial resources at the local level. Furthermore, the Program would encourage national reconciliation. Although CONADER itself is a temporary structure, the Program would strengthen Government capacities at the provincial level for developing, managing and monitoring development interventions.
6 Benefits and Risks

6.1 Benefits

158. The Program would enable the Government to consolidate the peace process and its social and economic recovery efforts. The Program is designed to facilitate and expedite the process of returning about 150,000 ex-combatants to productive social and economic life. Increased security following the first stage of the disarmament, demobilization and reintegration process should contribute to a return to normalcy in agricultural activities and livestock husbandry, ease transport constraints and provide an enabling environment for the return of displaced populations, elections and social investments.

159. A secondary benefit would be the freeing up of resources currently allocated to the defense and security sectors, and their reallocation towards social and economic sectors. Such public expenditure restructuring would allow Government to restore expenditure levels in the social sectors in line with its poverty reduction strategy.

160. It is anticipated that the current positive political momentum, aided by successful implementation of the proposed DRCDRP, would contribute to increased development assistance.

6.2 Risks and Mitigation Measures

161. *Program external risks.* There are two significant external risks:

(i) A failure to implement the political and security aspects of the Accord Global and the subsequent cease-fire agreements and protocols, especially the sensitive military integration process, could undermine the PNDDR. Even if large-scale violent conflict did not resume, delays in the implementation of these provisions of the agreements might delay Program implementation;

(ii) the support of MONUC is critical to the disarmament phase. A failure to finance MONUC could jeopardize the implementation of the Program.

162. These external risks are mitigated by several factors:

(i) First, the integration of all parties into state institutions has increased their stake in the consolidation of the peace;

(ii) the continued deployment of MONUC helps to provide confidence in the security aspects of the process and serves as a deterrent for renewed efforts to destabilize the Government;

(iii) the Government’s preparation of the PNDDR provides an indication of its commitment to the implementation of the peace process and to defense and security sector reform, and in itself serves as an important confidence-building measure.

163. In the event of a collapse of the overall peace process and resumption of hostilities, IDA would consider exercising its remedies under the legal agreement.
The major Program-specific risks and mitigation measures are as follows:

(i) Program resources would possibly be diverted toward military spending. Appropriate safeguards with respect to financial management, procurement and disbursement have been put in place to avoid any such misuse of Program resources;

(ii) Savings from the downsizing of the armed forces do not translate into increased spending in the health and education sectors. Government expenditures would be carefully monitored by IDA in the context of its overall assistance program;

(iii) Given the limited human resource capacity in Congo’s public and private sectors, implementation is unsatisfactory. The Program would carefully monitor implementation progress and actual reintegration experiences of ex-combatants. CONADER would be reinforced with additional qualified staff and technical assistance as required;

(iv) HIV/AIDS spreads via the ex-combatants demobilized under the PNDDR. The HIV/AIDS prevention and mitigation measures included in the Program’s design would mitigate this risk significantly; and

(v) Donors do not provide sufficient resources to fully cover the funding gap. The Bank has closely consulted donor and UN partners to ensure broad-based support and adequate financial assistance for the Program. Pledges received so far cover the funding gap. If sufficient donor funds were not forthcoming nevertheless, Program parameters would be adjusted to the available resources.

6.3 Environmental and Social Aspects

Building on lessons from reintegration programs for displaced persons and ex-combatants in DRC and elsewhere, the Program contains a number of specific elements to identify social and environmental risks and devise appropriate mitigation measures. These procedures and measures will be elaborated in the social and environmental framework developed for the Multi-Country Demobilization and Reintegration Program (MDRP) by the Africa Region’s Social and Environmental Safeguards unit (ASPEN) in collaboration with the MDRP Secretariat. Relevant procedures and measures would be detailed in the Program Implementation Manual (see Attachment 8 for a detailed description of social and environmental management arrangements).

The Program is classified as environmental category B, as it includes support to income-generating activities. However, the phased and widely dispersed reintegration of 150,000 ex-combatants into civilian life is expected to be environmentally neutral. Furthermore, the Program would not finance the construction or rehabilitation of infrastructure other than the rehabilitation of demobilization centers. Furthermore, adequate arrangements for medical waste disposal of HIV/AIDS testing materials would be included in the Program implementation manual.
167. The DRCDRP would seek to promote participatory social and environmental monitoring. Annual evaluations would include an assessment of, among others: the procedures to access land; the occurrence of involuntary displacement or resettlement; the degree of community acceptance; the existence of discrimination on the basis of gender or previous military affiliation; the level of personal security of ex-combatants; the inclusion of Batwa ex-combatants in the program’s activities; the level of criminal activities undertaken by ex-combatants; and the impact of reintegration on an ex-combatant’s family members. These evaluations would help to identify social and environmental impacts, determine the appropriateness of procedures and processes, and make recommendations for improvements where necessary.

7 Financial and Economic Justification

168. Macro-economic context. An analysis of defense expenditure in relation to key economic and financial data permits an assessment of the potential long-term impact of military downsizing on social and economic development. Three main sources have been used: (i) GDP and other macroeconomic data from the IMF for 2000 to 2003, with projections for 2004 - 2006; (ii) the FA-RDC salary structure; and (iii) data on expenditure from the Ministry of Finance.

<table>
<thead>
<tr>
<th>Table 5. Government Expenditure (in millions FC and percent)</th>
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<tbody>
<tr>
<td>----------------</td>
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<tr>
<td>GDP</td>
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<tr>
<td>Total current expenditure</td>
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<tr>
<td>Defense Expenditure</td>
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<tr>
<td>Social Expenditure*</td>
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<tr>
<td>Health</td>
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<tr>
<td>Education</td>
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<tr>
<td>Defense/GDP</td>
</tr>
<tr>
<td>Social/GDP</td>
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<tr>
<td>Defense/current expend</td>
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<tr>
<td>Defense/social expend</td>
</tr>
<tr>
<td>Classification</td>
</tr>
<tr>
<td>Ex. Rate: end</td>
</tr>
</tbody>
</table>

Sources: IMF, DRC 2nd review PRGF, 2003; IMF, DRC 3rd review, 2004; WB, PER 2002 (not yet published) GOV, Statistiques TOFE, DTO, Min des Finances, May 2003; GOV, 2004 Project Budget
*Social includes only health and education, not all pro-poor expenditures as defined by the government
Notes: (a) For 2001, 2002, and 2003 numbers from “administrative” classification; only by the end of 2003, w/ Budget Rectification, budget presented w/ classification by function. This method does not capture the total spending in a specific "sector"/function. (b) For 2004, numbers based on 2004 Project Budget, not yet approved by Parliament
Defense by function = "administration" no. 27/Defense + a little from no. 10/Presidency
Social by function = no. 7/Santé + no. 9/Enseignement. (c) Current expenditures are on a commitment basis.
169. **Impact of Demobilization.** The analysis of the impact of demobilization is based on several assumptions, and is therefore only indicative. Although 150,000 combatants would be demobilized under the PNDDR, the calculation of the Program’s fiscal impact is based on the planned net reduction in force of the FADRC to 150,000 from the current size of 300,000.

170. With demobilization completed during 2006, the net reduction in force of 150,000 soldiers would reduce defense expenditure by approximately US$ 29 million annually as a result of a savings in wages. The share of defense expenditure in total current expenditure would decrease from 12% in 2002 to 10.8% in 2006. Social sector expenditures would increase 10 fold over the same period.

171. **Analysis of alternatives.** The Government’s proposals, and the IDA appraisal of it, have taken into consideration various alternatives in the design of the DRCDFW. The final design is based on best practices and responds to the specific requirements of the situation in DRC. It pursues a gradual approach to demobilization and reintegration as compared to a simple one-off discharge. The political and security requirements stipulated in the Global Accords, stabilization of the country before and during elections, the need for a structured defense and security sector reform process, and the difficulty of economic reintegration in the immediate post-war period were judged to justify the related short-term defense expenditure costs.

172. The Program tries to support the reintegration of ex-combatants into civilian life by providing a transitional safety net to facilitate the re-establishment of households and to avoid social tensions. The Program’s design attempts to minimize interference with market forces and to maximize individual choice and synergies with ongoing interventions. Furthermore, economic reintegration measures are based on the socio-economic profile of the ex-combatants, their own efforts and aspirations, and the specific opportunity structure in their communities of return.

173. **Cost-effectiveness analysis.** The Program design seeks to minimize costs without compromising quality. Whenever possible, existing structures would be used rather than parallel systems created. With overall per capita costs of US$1228 equivalent, the costs of the DRCDFW are within the range established by the MDRP framework.

174. **Cost-benefit analysis.** It is instructive to compare the total cost of the program excluding funding for special groups, US$184 million, with the direct savings in recurrent cost to the Government’s budget from the medium-term net reduction in force of 150,000 soldiers. Compared to the counterfactual, the reduction in force would save approximately US$81 million during the Program’s duration and US$27 million annually thereafter. Fiscal savings from demobilization would thus exceed Program costs in approximately 7 years. This calculation does not take into account long-term savings in overhead costs, including training and maintenance of material. Finally, this simple comparison does not take into account productivity gains and benefits to the communities and households of the ex-combatants’ return to civilian life.

The assumptions used are discussed in Annex 7
### Action Plan

<table>
<thead>
<tr>
<th>Issue</th>
<th>Action/Responsibility</th>
<th>Completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional Issues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Development of a financial management manual</td>
<td>CONADER</td>
<td>7/04</td>
</tr>
<tr>
<td>2. Recruitment of key personnel for CONADER</td>
<td>CIDDR</td>
<td>5/04</td>
</tr>
<tr>
<td>3. Purchase of essential equipment</td>
<td>CONADER</td>
<td>5/04</td>
</tr>
<tr>
<td>4. Establishing regional offices</td>
<td>CONADER, provincial governments</td>
<td>7/04 –12/04</td>
</tr>
<tr>
<td>5. Preparation of an MIS</td>
<td>CONADER</td>
<td>7/04</td>
</tr>
<tr>
<td>6. Draft of the project implementation manual</td>
<td>CONADER</td>
<td>4/04</td>
</tr>
<tr>
<td><strong>Demobilization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Establishing a coordination mechanism (MONUC/CMM, UNICEF, WFP etc.)</td>
<td>CONADER</td>
<td>6/04</td>
</tr>
<tr>
<td>8. Preparation of Orientation Center sites</td>
<td>CONADER</td>
<td>6/04-9/04</td>
</tr>
<tr>
<td>9. Preparation of an implementation plan for FAC and / or the JOP</td>
<td>FAC and CONADER (MONUC)</td>
<td>4/04</td>
</tr>
<tr>
<td><strong>Transition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Development of a payment mechanism and accounting procedures.</td>
<td>CONADER</td>
<td>5/04</td>
</tr>
<tr>
<td>11. Recruitment of firm for cash payments</td>
<td>CONADER</td>
<td>6/04</td>
</tr>
<tr>
<td><strong>Reintegration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Definition of criteria for vulnerable groups</td>
<td>PNDDR working group</td>
<td>4/04</td>
</tr>
<tr>
<td>13. Preparation of an inventory of economic opportunities in each province</td>
<td>Provincial Program Offices</td>
<td>7/04</td>
</tr>
<tr>
<td>14. Establishing coordination mechanisms with other ministries vis a vis reintegration activities.</td>
<td>CONADER/Ministries</td>
<td>6/04</td>
</tr>
<tr>
<td><strong>Special Groups</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Coordination of assistance to children associated with the armed forces</td>
<td>CONADER, relevant ministries and UNICEF</td>
<td>On-going</td>
</tr>
</tbody>
</table>
9 Attachments

1. List of Documents in the Project File
2. Estimated Program Costs
3. Disbursement Categories
4. A Comparison of Transitional Safety Nets
5. Organigram
6. Environmental and Social Monitoring
7. Background information for economic analysis
8. Country at a Glance
Annex 1

List of Documents in Program File

A. Government

2. Decrees establishing the CIDDR, CONADER and CGFDR, December 18, 2003.

B. World Bank


C. Others

8. ONUSIDA. 1998. AIDS and the Military. Best Practice Collection. ONUSIDA.
### Annex 2

**Estimated Program Costs**

<table>
<thead>
<tr>
<th>Components</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>TOTAL</th>
<th>%</th>
<th>p.c. average</th>
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<tbody>
<tr>
<td>Demobilization</td>
<td>13771267</td>
<td>20656902</td>
<td></td>
<td></td>
<td>34428169</td>
<td>17</td>
<td>230</td>
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<tr>
<td>Transition/Reinsertion</td>
<td>165375000</td>
<td>33075000</td>
<td>9922500</td>
<td>6615000</td>
<td>6615000</td>
<td>33</td>
<td>441</td>
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<td>Reintegration</td>
<td>112500000</td>
<td>22500000</td>
<td>6750000</td>
<td>4500000</td>
<td>4500000</td>
<td>22</td>
<td>300</td>
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<td>Special Groups</td>
<td>3950000</td>
<td>7900000</td>
<td>2370000</td>
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<td>Program Management</td>
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<td>17854899</td>
<td>5356444</td>
<td>3570963</td>
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<td><strong>Subtotal</strong></td>
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<td>Contingencies</td>
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<td><strong>Total</strong></td>
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<td>199957598</td>
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### Annex 3

**IDA Disbursement Categories**
**DRCDRP**
*(US$ 100 million)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated</th>
<th>% of Expenditures to be Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil Works</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>(2) Goods</td>
<td>23.4</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants' Services, Training and Audits</td>
<td>26.4</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Transitional Safety Net</td>
<td>26.2</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>21.2</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Refunding of the Project Preparation Advance</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
<td></td>
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### Annex 4

**A Comparison of Transitional Safety Nets**

<table>
<thead>
<tr>
<th>Country 1/</th>
<th>Estimated amount (S) 2/</th>
<th>Calculation</th>
<th>Duration</th>
<th>Differentiation</th>
<th>Payment modalities</th>
<th>Cash payment method</th>
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</thead>
<tbody>
<tr>
<td>Chad 1992</td>
<td>560 – 670</td>
<td>salary</td>
<td>12 months</td>
<td>rank</td>
<td>cash</td>
<td>5 installments</td>
</tr>
<tr>
<td>Chad 1996</td>
<td>860 – 1,480</td>
<td>salary</td>
<td>12 months</td>
<td>rank</td>
<td>cash</td>
<td>5 installments</td>
</tr>
<tr>
<td>Djibouti 1995</td>
<td>1,000 – 2,000</td>
<td>salary</td>
<td>6-12 months</td>
<td>location of service</td>
<td>cash</td>
<td>lump-sum</td>
</tr>
<tr>
<td>Eritrea 1993</td>
<td>400 – 800 – 1,600</td>
<td>-</td>
<td>-</td>
<td>duration of service</td>
<td>cash</td>
<td>lump-sum</td>
</tr>
<tr>
<td>Ethiopia 1991</td>
<td>46 – 160 3/</td>
<td>basic needs</td>
<td>6-7 months</td>
<td>multiple 6/</td>
<td>cash and in-kind</td>
<td>lump-sum/7 installments</td>
</tr>
<tr>
<td>Ethiopia 2000</td>
<td>350 – 420 – 460</td>
<td>basic needs</td>
<td>12 months</td>
<td>disability</td>
<td>cash</td>
<td>3 installments</td>
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<tr>
<td>Mozambique 1994</td>
<td>760 (cash: 500) 4/</td>
<td>salary</td>
<td>24 months</td>
<td>rank</td>
<td>cash and in-kind</td>
<td>13 installments</td>
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<tr>
<td>Namibia 1990</td>
<td>490 3/ 5/</td>
<td>basic needs, salary</td>
<td>9-12 months</td>
<td>employment status, faction</td>
<td>cash and in-kind</td>
<td>lump-sum</td>
</tr>
<tr>
<td>Rwanda 1997</td>
<td>750 – 1,600</td>
<td>basic needs</td>
<td>10 months</td>
<td>rank</td>
<td>cash</td>
<td>3 installments</td>
</tr>
<tr>
<td>Rwanda 2002</td>
<td>110 – 450 – 1,100</td>
<td>basic needs</td>
<td>6 months</td>
<td>rank, faction</td>
<td>cash and in-kind</td>
<td>1-3 installments</td>
</tr>
<tr>
<td>Sierra Leone 1999</td>
<td>300</td>
<td>basic needs</td>
<td>6 months</td>
<td>none</td>
<td>cash</td>
<td>2 installments</td>
</tr>
<tr>
<td>Uganda 1992</td>
<td>845 (cash: 560)</td>
<td>basic needs</td>
<td>6 months</td>
<td>none</td>
<td>cash and in-kind</td>
<td>2-3 installments</td>
</tr>
</tbody>
</table>

---

1/ Start date of program  
2/ Excluding administration; approximate amounts due to exchange rate fluctuations.  
3/ Cash component only.  
4/ Average amount.  
5/ Post-discharge salary payments to SWATF ex-combatants not included.  
6/ Duration of service, location of settlement, disability, access to other benefits (pension, civil service).  
7/ Core package only (irrespective of rank).  

Annex 5

Coordonnateur General

Secrétaire de Direction

Coordonnateur General Adjoint

Direction Desarmement et Demobilisation
- Secrétaire
- Centre d'orientation
- Expert démobilisation
- Expert Informatique (Base de données)
- Pool de saisie

Direction Réinsertion
- Secrétaire
- Expert Réinsertion
- Bureau Regionaux
- Etudes
- Identification des Projets

Direction Pers et Finance
- Secrétaire
- Réceptionniste
- Admin /Finance
- Gardiens etc
- Logistics
- Magasinier
- Ass Logistics
- Chauffeurs

Direction E.A.F.C
- Secrétaire
- Demobilisation et Centre de Transit
- Research Familiale et reinsertion
- Psychosociale
- Communication
- Ass Communication

Direction Info et Sen
- Secrétaire
- Sensibilisation
- MIS Suivi/Eval
- Ass MIS Suivi/Eval
Annex 6

Social and Environmental Safeguard Arrangements

The DRC Demobilization and Reintegration Program aims to demobilize a large number of ex-combatants and support their reintegration into civilian life. To enhance the chance of success, the DRCDRP needs to address a range of social and environmental issues effectively. To this end, within six months of Grant Effectiveness, an Environmental Assessment including an Environmental and Social Framework and an Environmental and Social Management Plan will be prepared and disclosed. Its purpose will be to identify potential social and environmental impacts, summarize the social and environmental mitigation measures implemented under the Program, outline targeted monitoring and evaluation activities, and propose institutional capacity building activities. These procedures and methods will be elaborated in the Program Implementation Manual.

1. Social and Environmental Dimensions

1.1 Successful long-term reintegration of ex-combatants can make a major contribution to conflict resolution and the restoration of social capital, while failure to achieve reintegration can lead to crime and insecurity and also increase the risk of resumed conflict. Reintegration takes place at the community level, and the perceptions, attitudes and organizational capacity of communities to receive and support ex-combatants become a major factor for determining the success or failure of a demobilization and reintegration program.

1.2 Ex-combatants may face profound social reintegration problems. There may be a generalized fear that ex-combatants are merely conveyers of violence, crime and sexually transmitted diseases. Communities may then resent support provided to what is perceived as an overly privileged group. Ex-combatants may be discriminated against on the basis of previous military affiliation. Their personal security may be at risk, especially if they committed atrocities in the communities to which they return.

1.3 Female ex-combatants who have become accustomed to a more independent way of life in the military may struggle to adapt to the expectations of traditional communities. Female partners of ex-combatants and their children who migrate to communities of other ethnic, linguistic and/or cultural backgrounds may be rejected. Last but not least, the years of development children lose to military life profoundly affect their future identity.

1.4 Ex-combatants may also exert pressure on the natural resource base, especially in communities with high population densities. Community members may be involuntarily displaced or ex-combatants involuntarily resettled to communities that are not of their choice. Traditional tenure arrangements may bar female ex-combatants from access to land. Ex-combatants may start income-generating activities that, if uncontrolled, may lead to overgrazing, deforestation or improper waste management.
Social and Environmental Management Arrangements

2.1 Building on lessons from reintegration programs for displaced persons and ex-combatants in DRC and elsewhere, the Program contains a number of specific elements to identify social and environmental risks and devise appropriate mitigation measures. These procedures and measures will be based upon a social and environmental framework developed for the Multi-Country Demobilization and Reintegration Program (MDRP) by the Africa Region's Social and Environmental Safeguards unit (ASPEN) in collaboration with the MDRP Secretariat. They will be described in detail in the Program Implementation Manual.

2.2 Access to land. The program would seek to facilitate access of ex-combatants to land in areas of return in accordance with local land tenure systems and with support from local authorities. The following principles would be applied: (i) the program would not bear the cost of land acquisition; (ii) ex-combatants will be free to settle in the community of their choice; (iii) no citizen would be compelled to cede any land to an ex-combatant; (iv) thus there would be no involuntary displacement of civilians as a result of ex-combatants settling in a community.

2.4 Social reintegration. The principle objective of the social reintegration assistance would be to ease the return of ex-combatants into civilian life while promoting reconciliation and harmony. Given that a significant proportion of the target group would have spent a significant period of time in military service, many have only known war in their adult life. This fact, coupled with the lack of previous work experience and low educational levels of many of the former soldiers, will require social support following their return to communities.

2.5 Facilitators working with ex-combatants would undertake activities to promote the social reintegration process, including:

(i) Community level sensitization and confidence building programs;
(ii) Assessments of community perceptions of ex-combatants and ex-combatants’ perceptions of communities; Awareness-raising programs focused on civic rights and responsibilities;
(iii) Information and counseling on sexually transmitted infections (STIs), HIV/AIDS, health and sanitation;
(iv) Media campaigns through radio, posters, pamphlets and print media;
(v) Conflict analysis and reconciliation activities in areas of real or potential tension to develop concrete interventions to diffuse potential conflict; and
(vi) Community activities (cultural, sporting events or work projects), which promote social cohesion and help to rebuild social capital in return communities.
2.7 **Gender.** While it appears unlikely that the number of female ex-combatants to be demobilized will be sizeable, the PNDDR would provide targeted support for the social and economic reintegration of female ex-combatants. Specific measures would include the following:

(i) Provision of information and training to CONADER and MONUC concerning the eligibility of female ex-combatants for PNDDR assistance;
(ii) Sensitization in pre-disarmament assembly areas about the eligibility of female ex-combatants for PNDDR assistance;
(iii) ensuring that all benefits for ex-combatants are equal for and equally accessible to men and women;
(iv) encouraging implementing partners to ensure that their reintegration support activities facilitate the participation of female ex-combatants;
(v) encouraging female ex-combatants to participate in existing women’s associations;
(vi) including partners of ex-combatants and women in communities of return in community-level counseling activities;
(vii) strengthening the gender awareness and capacity of the staff of the CONADER and authorities of the communities to which a significant number of female ex-combatants may return; and
(viii) monitoring the impact of the Program on partners of ex-combatants and women in communities of return and bringing emerging problems to the attention of the relevant authorities.

2.8 **Disabled ex-combatants.** To date, only limited medical and economic assistance has been provided to disabled ex-combatants. The PNDDR would provide assistance for medical rehabilitation depending on the degree of disability, and including the provision of physical rehabilitation assistance (prosthesis and orthosis), counseling, vocational training and/or support for micro-enterprise activities. Furthermore, the PNDDR would seek to reinforce key medical facilities (such as the provincial orthopedic workshops in or near areas of return) to provide systematic prosthetic and physiotherapy services, including maintenance of prosthetic devices, to ex-combatants.

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6 Disability is defined as functional limitation within an individual caused by physical, mental or sensory impairment. If the pattern of disability among ex-combatants follows national averages, about three in five disabled soldiers are likely to have traumatic injuries resulting in loss of limb through amputation (due to war, landmines, or accident) and about two in five disability originating from disease and resulting in loss of a bodily function (e.g. deafness, blindness, paralysis due to poliomyelitis)
2.11 *Under age ex-combatants.* In close coordination with the National Child Soldier Demobilization and Reinsertion Project and UNICEF, the DRCDRP will support assistance to underage soldiers and other minors associated with both armed forces in accordance with the Cape Town Principle definition of "child soldiers". Assistance for the reintegration of children associated with the armed forces would include family tracing and unification, trauma counseling and psycho-social care, and facilitation of access to education and recreation in communities of settlement. Children older than 15 years may have different needs and would receive appropriate support (e.g., for vocational training).

2.12 *Environmental classification.* The program is classified as environmental category B, although the phased and widely dispersed reintegration of 150,000 ex-combatants into civilian life over a period of four years is expected to be environmentally neutral. Furthermore, the program will not finance the construction or rehabilitation of infrastructure other than the possible small-scale rehabilitation of Orientation Centers. Environmental mitigation measures under the program include the screening and monitoring of sub-projects financed under the reintegration component for environmental impact according to the procedures, acceptable to IDA, set up by the Government.

2.13 *Environmental screening.* Community works activities and income-generating activities would be screened for environmental impact using screening mechanisms developed for the MDRP. The objective of environmental screening would be to minimize the negative environmental impacts of the Program. The screening procedures will be tailored to the small-scale nature of community works and income-generating activities, examining the potential for impacts and identifying any mitigation measures. The focus of the screening would be on the following issues: health, water and sanitation, natural resource exploitation, erosion, pesticide use and any other safeguard-related issue. The screening will also assess the potential environmental impact of community works and income-generating activities on neighboring communities. In case of wider negative environmental impact, actions would be agreed upon with the relevant local administrations.

3. **Social and Environmental Monitoring and Evaluation**

3.1 The DRCDRP will seek to promote participatory social and environmental monitoring. Annual evaluations would include an assessment of, among other things: the procedures governing access to land; the occurrence of involuntary displacement or resettlement; the degree of community acceptance; the existence of discrimination on the basis of gender or previous military affiliation; the level of personal security of ex-combatants; the level of criminal activities undertaken by ex-combatants; and the impact on an ex-combatant’s family members. The evaluations would help to identify social and environmental impact, determine the appropriateness of procedures and processes, and make recommendations for improvements where necessary.
3.2 Social assessment. Shortly after Grant effectiveness and building on relevant preparatory activities (preparation of the sensitization program and of the pre-discharge orientation), a social assessment will be undertaken and will include the following:

(i) A stakeholder analysis;
(ii) An institutional capacity diagnostic;
(iii) The development of a public consultation mechanism as part of the PNDDR’s sensitization program; and
(iv) The design of a participatory monitoring and evaluation framework.

3.3 The social assessment will help identify the social and cultural structure of incentives and constraints that guide and govern behavior with respect to building social cohesion and promoting the sustainable use of natural resources. Furthermore, it will help determine the relevant social indicators for participatory monitoring, including on the social exclusion of returning ex-combatants. Also, attention will be paid to returning Batwa ex-combatants in project areas to ensure that they fully benefit from project's activities.

3.4 Information will be distributed horizontally (especially important for the beneficiaries and in general for sake of transparency) and vertically in the management structure of the Program. Information will be readily available for assembly and analysis into periodic monitoring and evaluation reports. The Program’s computerized Management Information System will be built around these parameters.

3.5 Independent evaluations. A special Program element would be annual evaluations of environmental and social indicators as part of the annual Program evaluation undertaken by independent consultants. These evaluations would include a beneficiary assessment and a review of Program achievements. The issues to be addressed would include, among other things: the procedures governing access to land; the occurrence of involuntary displacement or resettlement; the degree of community acceptance; the existence of discrimination on the basis of gender or previous military affiliation; the level of personal security of ex-combatants; the level of criminal activities undertaken by ex-combatants; and the impact on an ex-combatant’s family members. The evaluations would help to identify social and environmental impacts, determine the appropriateness of procedures and processes, and make recommendations for improvements where necessary.

3.6 The monitoring and evaluation system is designed in such a way that the regular review of social and environmental aspects is part and parcel of Program implementation, and that mitigation measures would be initiated quickly as needed.
Annex 7

BACKGROUND ASSUMPTIONS FOR THE ECONOMIC ANALYSIS.

1 – Recall assumptions:

2003:

Salaries (ex gov) = 14.8 bln CF
Salaries (prov) = 2.3 bln CF (3 months)
Total = 17.1 bln CF
Effectives (ex gov) = 182.553 (12 months)
Effectives (prov) = 137.000 (3 months)
Total effectives = 319.000
Average monthly salary (ex gov) = 6,771 CF ($17)
Average monthly salary (prov) = 5,569 CF ($14)
Rations Total = 9.6 bln CF

2004:

Total Function Defense = 39,963 bln CF
off which:
Salaries = 17,550 bln CF (initially planned; new numbers 15,550 bln CF)
“fonctionment” = 16,241 bln CF (off which 7,200 bln CF as Fond de Ménage)

Assuming a reduction of effectives by half from July 2004 on, into 159.000;
Salaries (ex gov) = 10 bln CF (effectives, 90,345)
Salaries (prov) = 7.55 bln CF (effectives, 68500)

2 – The “Defense” in the budget classification: expenditures are classified by Nature, Administration (services) and Function.

2.1 - By function, “Defense” is the function no. 02, breakdown in the following sub-functions:

Sub-Function 02.10 – Dépense Militaire
Sub-Function 02.20 – Aide militaire à l’étranger
Sub-Function 02.30 – Reinsertion des démobilisés (is part of the pro-poor spending)
Sub-Function 02.40 – Autres dépenses concernants la défense

3.2 - By administration – Defense is the administration no 27. Recall that, a function is the “sum” of expenditures by “administrations” contributing for a specific function; function Defense, is the sum of administration no. 27/Defense and a little of administration no.10/Presidency.

3.3 - By nature – spending by nature is broken down among 8 classes; “Defense” spends in 6 classes: Salaries, Goods, Prestations, Transfers, Equipment and Construction.
POVERTY and SOCIAL

<table>
<thead>
<tr>
<th>Year</th>
<th>Congo, Dem. Rep.</th>
<th>Sub-Saharan Africa</th>
<th>Low-income</th>
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<tbody>
<tr>
<td>2002</td>
<td>Population, mid-year (millions)</td>
<td>53.8</td>
<td>688</td>
</tr>
<tr>
<td></td>
<td>GNI per capita (Atlas method, US$)</td>
<td>50</td>
<td>450</td>
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<tr>
<td></td>
<td>GNI (Atlas method, US$ billions)</td>
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Average annual growth, 1996-02

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (%)</th>
<th>Labor force (%)</th>
</tr>
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<tbody>
<tr>
<td>2002</td>
<td>2.9</td>
<td>2.6</td>
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</table>

Most recent estimate (latest year available, 1996-02)

<table>
<thead>
<tr>
<th>Year</th>
<th>Poverty (% of population below national poverty line)</th>
<th>Urban population (% of total population)</th>
<th>Life expectancy at birth (years)</th>
<th>Infant mortality (per 1,000 live births)</th>
<th>Child malnutrition (% of children under 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Access to an improved water source (% of population)</th>
<th>Illiteracy (% of population age 75+)</th>
<th>Gross primary enrollment (% of school-age population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (US$ billions)</th>
<th>Gross domestic investment/GDP</th>
<th>Exports of goods and services/GDP</th>
<th>Gross domestic savings/GDP</th>
<th>Gross national savings/GDP</th>
<th>Current account balance/GDP</th>
<th>Interest payments/GDP</th>
<th>Total debt/GDP</th>
<th>Total debt service/exports</th>
<th>Present value of debt/GDP</th>
<th>Present value of debt service/exports</th>
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<tr>
<td>1982</td>
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<td>8.3</td>
<td>12.1</td>
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<td>4.0</td>
<td>-3.8</td>
<td>0.5</td>
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<td>8.2</td>
<td>6.9</td>
<td>18.7</td>
<td>6.1</td>
<td>5.0</td>
<td>-10.6</td>
<td>0.3</td>
<td>133.7</td>
<td>5.6</td>
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<td>5.2</td>
<td>5.1</td>
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<td>6.2</td>
<td>1.2</td>
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<td>5.3</td>
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<td>-</td>
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<td>2002</td>
<td>5.7</td>
<td>7.1</td>
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<td>5.3</td>
<td>-3.9</td>
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<td>1,026.1</td>
</tr>
</tbody>
</table>

(average annual growth)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>GDP per capita</th>
<th>Exports of goods and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-92</td>
<td>-0.6</td>
<td>-3.4</td>
<td>-2.0</td>
</tr>
<tr>
<td>1992-02</td>
<td>-1.6</td>
<td>-9.8</td>
<td>3.9</td>
</tr>
<tr>
<td>2001</td>
<td>-0.4</td>
<td>3.9</td>
<td>0.2</td>
</tr>
<tr>
<td>2002</td>
<td>-2.0</td>
<td>8.0</td>
<td>-</td>
</tr>
</tbody>
</table>

(average annual growth)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>GDP per capita</th>
<th>Exports of goods and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-92</td>
<td>2.6</td>
<td>-4.5</td>
<td>-5.4</td>
</tr>
<tr>
<td>1992-02</td>
<td>2.8</td>
<td>-3.8</td>
<td>-8.7</td>
</tr>
<tr>
<td>2001</td>
<td>2.8</td>
<td>-2.8</td>
<td>-8.7</td>
</tr>
<tr>
<td>2002</td>
<td>10.0</td>
<td>37.0</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: 2002 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.
### PRICES and GOVERNMENT FINANCE

#### Domestic prices

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer prices (% change)</td>
<td>36.7</td>
<td>41.292</td>
<td>359.9</td>
<td>31.5</td>
</tr>
<tr>
<td>Implicit GDP deflator</td>
<td>43.5</td>
<td>4,078.5</td>
<td>374.1</td>
<td>23.3</td>
</tr>
</tbody>
</table>

#### Government finance (% of GDP, includes current grants)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current revenue</td>
<td>...</td>
<td>...</td>
<td>5.9</td>
<td>...</td>
</tr>
<tr>
<td>Current budget balance</td>
<td>...</td>
<td>...</td>
<td>-0.8</td>
<td>...</td>
</tr>
<tr>
<td>Overall surplus/deficit</td>
<td>...</td>
<td>...</td>
<td>0.5</td>
<td>...</td>
</tr>
</tbody>
</table>

### TRADE

#### (US$ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total exports (fob)</td>
<td>1,246</td>
<td>940</td>
<td>1,013</td>
<td>...</td>
</tr>
<tr>
<td>Copper</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Coffee</td>
<td>...</td>
<td>489</td>
<td>567</td>
<td>...</td>
</tr>
<tr>
<td>Manufactures</td>
<td>...</td>
<td>375</td>
<td>206</td>
<td>173</td>
</tr>
<tr>
<td>Total imports (cif)</td>
<td>...</td>
<td>163</td>
<td>129</td>
<td>130</td>
</tr>
<tr>
<td>Food</td>
<td>...</td>
<td>702</td>
<td>655</td>
<td>...</td>
</tr>
<tr>
<td>Fuel and energy</td>
<td>...</td>
<td>...</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Capital goods</td>
<td>...</td>
<td>683</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

#### Export price index (1995=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

#### Import price index (1995=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

#### Terms of trade (1995=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

#### BALANCE of PAYMENTS

#### (US$ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of goods and services</td>
<td>1,658</td>
<td>1,360</td>
<td>1,015</td>
<td>1,100</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>1,904</td>
<td>1,433</td>
<td>953</td>
<td>1,280</td>
</tr>
<tr>
<td>Resource balance</td>
<td>-245</td>
<td>-73</td>
<td>62</td>
<td>-186</td>
</tr>
<tr>
<td>Net income</td>
<td>-427</td>
<td>-704</td>
<td>-413</td>
<td>-203</td>
</tr>
<tr>
<td>Net current transfers</td>
<td>151</td>
<td>-89</td>
<td>228</td>
<td>278</td>
</tr>
<tr>
<td>Current account balance</td>
<td>-522</td>
<td>-866</td>
<td>-126</td>
<td>-223</td>
</tr>
<tr>
<td>Financing items (net)</td>
<td>362</td>
<td>867</td>
<td>137</td>
<td>...</td>
</tr>
<tr>
<td>Changes in net reserves</td>
<td>159</td>
<td>-1</td>
<td>-11</td>
<td>...</td>
</tr>
</tbody>
</table>

#### Memo:

Reserves including gold (US$ millions) 196 166 22 2

Conversion rate (DEC, local/US$) 1.92E-11 2.18E-6 300.0 346.5

### EXTERNAL DEBT and RESOURCE FLOWS

#### (US$ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1992</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt outstanding and disbursed</td>
<td>5,079</td>
<td>10,972</td>
<td>11,392</td>
<td>8,211</td>
</tr>
<tr>
<td>IBRD</td>
<td>73</td>
<td>81</td>
<td>81</td>
<td>0</td>
</tr>
<tr>
<td>IDA</td>
<td>214</td>
<td>1,194</td>
<td>1,151</td>
<td>1,504</td>
</tr>
<tr>
<td>Total debt service</td>
<td>222</td>
<td>77</td>
<td>16</td>
<td>913</td>
</tr>
<tr>
<td>IBRD</td>
<td>14</td>
<td>16</td>
<td>0</td>
<td>132</td>
</tr>
<tr>
<td>IDA</td>
<td>2</td>
<td>13</td>
<td>0</td>
<td>221</td>
</tr>
</tbody>
</table>

#### Composition of net resource flows

- Official grants 75 109 170 ...
- Official creditors 121 58 0 167
- Private creditors 17 0 0 0
- Foreign direct investment 2 1 32 ...
- Portfolio equity 0 0 0 ...

#### World Bank program

| Commitments | 141 | 0 | 0 | 904 |
| Disbursements | 38 | 61 | 0 | 410 |
| Principal repayments | 14 | 0 | 218 |
| Interest payments | 30 | 46 | 0 | 194 |
| Net transfers | 8 | 15 | 0 | 137 |

### Development Economics

9/2/03
MAP SECTION